

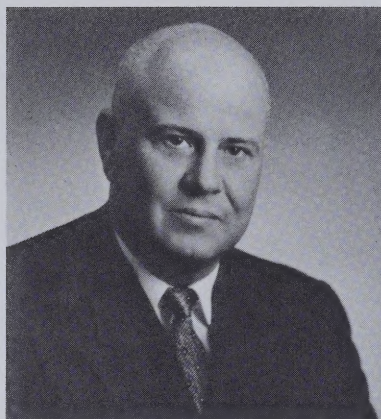
AR38

DICKENSON MINES
LIMITED

**ANNUAL
REPORTS
1969**

KAM-KOTIA MINES
LIMITED

**JAMELAND
MINES**
LIMITED



ARTHUR W. WHITE
President

DICKENSON MINES
KAM-KOTIA MINES
JAMELAND MINES

DICKENSON MINES

KAM-KOTIA MINES

* JAMELAND MINES

AS A GROUP

From inception to
December 31, 1969,
have produced mineral
wealth as follows:

1,510,027 ounces of GOLD
4,256,892 ounces of SILVER
118,352,000 pounds of COPPER
98,977,000 pounds of ZINC
45,396,000 pounds of LEAD

* JAMELAND MINES commenced production in November, 1969.

The Annual Reports for 1969 for Dickenson Mines, Kam-Kotia Mines and Jameland Mines are presented together due to the corporate relationship between the three companies.



F. A. FELL
GENERAL MANAGER
DICKENSON MINES



D. RANCE
MINE MANAGER
DICKENSON MINES

DICKENSON MINES LIMITED

| INDEX | PAGE |
|----------------------|------|
| 9 YEAR SUMMARY | 4 |
| PRESIDENT'S REPORT | 5 |
| FINANCIAL STATEMENTS | 8 |
| REPORT OF OPERATIONS | 14 |



G. W. WALKEY
VICE-PRES. & GEN. MANAGER
KAM-KOTIA MINES
JAMELAND MINES

KAM-KOTIA MINES LIMITED

| | |
|-------------------------|----|
| 9 YEAR SUMMARY | 22 |
| PRESIDENT'S REPORT | 23 |
| FINANCIAL STATEMENTS | 25 |
| REPORT OF OPERATIONS | 32 |
| COBALT REFINERY REPORT | 37 |
| WESTERN DIVISION REPORT | 39 |

JAMELAND MINES LIMITED

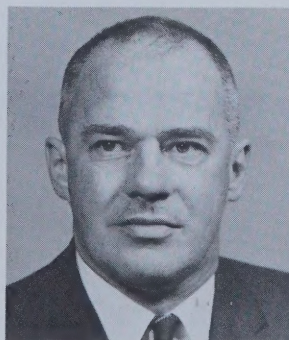
| | |
|----------------------|----|
| PRESIDENT'S REPORT | 43 |
| FINANCIAL STATEMENTS | 44 |
| REPORT OF OPERATIONS | 50 |

INVESTMENT SCHEDULE

Inside
Back Cover



H. V. MAXWELL
MINE MANAGER
KAM-KOTIA MINES
JAMELAND MINES



J. N. CRAM
GENERAL MANAGER
COBALT REFINERY



DICKENSON MINES LIMITED

DICKENSON MINES LIMITED

DIRECTORS

A. W. WHITE - - - - - Toronto, Ont.
 C. R. DIEBOLD - - - - - Buffalo, N.Y.
 President, First Empire State Corporation
 F. A. FELL - - - - - Toronto, Ont.
 M. L. URQUHART - - - - - Toronto, Ont.
 Consultant, McIntyre Porcupine Mines Ltd.
 J. J. JODREY - - - - - Hantsport, N.S.
 President, Minas Basin Pulp and Power Co. Ltd.
 S. C. SMITH - - - - - Toronto, Ont.
 H. V. WHITE - - - - - Toronto, Ont.
 Burns Bros. & Denton Limited

OFFICERS

ARTHUR W. WHITE - - - - - President
 CHARLES R. DIEBOLD - - - - - Vice-President
 H. RODNEY HEARD - - - - - Secretary-Treasurer
 JAMES GEDDES - - - - - Assistant Secretary

 F. A. FELL - - - - - General Manager

HEAD OFFICE

25 Adelaide St. West, Suite 416 - - - - - Toronto, Ont.
 Telephone 362-4581

MINE OFFICE

Balmertown, Ontario

AUDITORS

Gardner, McDonald & Co. - - - - - Toronto, Ont.

BANKERS

Canadian Imperial Bank of Commerce - - - - - Toronto, Ont.
 The Bank of Nova Scotia - - - - - Toronto and Balmertown, Ont.

REGISTRAR AND TRANSFER AGENTS

The Sterling Trusts Corporation - - - - - Toronto, Ont.
 Bank of New York - - - - - New York City, N.Y.
 The First National Bank of Jersey City - - - - - Jersey City, N.J.

STOCK LISTED

Toronto Stock Exchange — symbol DML

ANNUAL MEETING

Thursday, April 30, 1970, at 10:30 a.m. (Toronto Time)
 Tudor Room, Royal York Hotel, Toronto, Ontario.

SUMMARY

DICKENSON MINES LIMITED

9 YEAR RECORD

| (IN THOUSANDS OF DOLLARS) | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 | To date |
|--|-----------|-----------|---------|---------|---------|-----------|---------|---------|---------|-----------|
| Bullion production | 2,998 | 2,699 | 3,101 | 3,615 | 3,484 | 3,453 | 3,476 | 3,408 | 3,142 | 54,308 |
| Emergency gold mining assistance | 568 | 718 | 507 | 258 | 205 | 208 | — | — | — | 4,119 |
| Depreciation | 227 | 255 | 256 | 253 | 249 | 215 | 207 | 183 | 224 | 5,413 |
| Dividends from Kam-Kotia Mines Ltd. | 202 | 202 | 404 | 202 | — | — | — | — | — | 1,009 |
| NET PROFIT | 660 | 447 | 838 | 809 | 744 | 858 | 827 | 1,135 | 703 | 11,745 |
| Net profit per share | 18¢ | 13¢ | 24¢ | 23¢ | 21¢ | 24¢ | 24¢ | 32¢ | 20¢ | — |
| Dividends paid per share | 5¢ | 5¢ | 10¢ | 10¢ | 22¢ | 28¢ | 26¢ | 18¢ | 18¢ | \$2.34 |
| Shares issued | 3,556,000 | 3,514,340 | | | | 3,510,340 | | | | — |
| Tons of ore milled | 174,272 | 160,825 | 168,577 | 172,526 | 177,353 | 177,874 | 178,527 | 175,767 | 171,935 | 3,068,272 |
| Grade — ounces per ton (Millheads) | 0.490 | 0.480 | 0.530 | 0.601 | 0.562 | 0.560 | 0.554 | 0.559 | 0.561 | 0.546 |
| Ounces of gold produced | 77,977 | 71,005 | 81,830 | 95,563 | 92,096 | 91,244 | 91,709 | 90,522 | 88,358 | 1,503,476 |
| Ore reserves, Tons | 474,669 | 513,281 | 537,473 | 571,986 | 586,777 | 589,230 | 591,369 | 576,717 | 467,550 | — |
| Grade, ounces per ton | 0.505 | 0.507 | 0.530 | 0.536 | 0.546 | 0.538 | 0.507 | 0.515 | 0.543 | — |
| Employees | 245 | 247 | 276 | 287 | 266 | 284 | 290 | 290 | 265 | — |
| Shareholders | 3,971 | 3,890 | 3,870 | 4,000 | 3,975 | 4,488 | 4,151 | 4,240 | 4,203 | — |

PRESIDENT'S REPORT TO SHAREHOLDERS

On behalf of your Directors, I report to you on the operations and affairs of Dickenson Mines Limited for 1969.

Items of special interest are:

- An increase in net profit over 1968 of \$213,000 from 13.0 to 18.6 cents per share.
- An increase in production of \$299,000 over 1968.
- A reduction in bank indebtedness of \$500,000 from 1968 resulted in a substantial increase in the working capital position of the company.
- Reduced unit costs in 1969 of \$4.70 per ounce resulted in a reduction of \$150,000 in Emergency Gold Mining Assistance compared to that of 1968.

Particulars of mine operations for 1969 are set out in detail in the report of Messrs. F. A. Fell, General Manager, and D. C. Rance, Mine Manager.

OTHER INTERESTS

Kam-Kotia Mines Limited — 47.33% owned.

The net profit earned by Kam-Kotia Mines Limited in 1969 was \$2,956,000 (69¢ per share) compared with \$1,451,000 (34¢ per share) in 1968, an increase of 103%. Dickenson's proportionate interest in the 1969 profit

is \$1,399,000.

A dividend of \$202,000 was received from Kam-Kotia during the year 1969.

Jameland Mines Limited — 20.42% owned.

It is a pleasure to report that after completing preparation of the Jameland mine for production, Kam-Kotia commenced milling Jameland ore in November, 1969, approximately four months ahead of the anticipated date.

During November and December, 26,931 tons of ore from Jameland were milled. The grade was 1.381% Copper and 0.25% Zinc.

A cash gain of \$123,551 was earned in the two months of operations in 1969. After providing a total of \$153,686 for amortization of preproduction and deferred development expenses, and depreciation of buildings and equipment, a net loss for the period amounted to \$30,135.

Under the Income Tax Act, Canada, profits derived from new mines coming into production are exempt from tax for a 3-year period. Jameland has applied for an exemption.

We now refer you to the statement entitled (Notes to Financial Statements), notes 8 and 9. Representatives of Boliden Aktiebolag, of Sweden, visited the Jameland and Kam-

Kotia mine in 1969, after which they expressed their desire to acquire a 25% interest in the Jameland company. Arrangements were completed as described in the Notes 8 and 9. We wish to welcome this fine company and their representatives in entering the Canadian mining industry through our Jameland company. We expect this association to be a happy and mutually profitable one.

After completion of the above transaction the Jameland company shares will be held as follows:

| | No. of Shares | |
|----------------------------|------------------|-------------|
| Dickenson | 800,000 | 16% |
| Kam-Kotia | 1,548,495 | 31% |
| Boliden | 1,250,000 | 25% |
| Public | 1,401,505 | 28% |
| Total issued capital | <u>5,000,000</u> | <u>100%</u> |

An application to list the shares of Jameland for trading will be made to the Toronto Stock Exchange.

Robin Red Lake Mines Limited

Exploration and development of the Robin property from the Dickenson mine underground continued in 1969. The extent of the work done to date resulted in a total footage of 1,699.3' having a width of 6.9' and a grade of 0.75 ounces per ton.

Preparations to bring the mine into production are now in progress.

OUTLOOK

The revisions in operating procedures and the acquisitions of more efficient equipment referred to in our 1968 report assisted in

lowering operating costs by \$4.70 per ounce. Every effort is being made, and will continue to be made, to improve on this performance.

The Government of Canada is now studying the question of the action it should take upon the expiration of the Emergency Gold Mining Assistance Act on December 31, 1970. Their decision will be of utmost importance to the establishment of policy for the future operation of the company.

We are sure that your review of the reports contained herein will emphasize the increasing importance of its investments to Dickenson. We expect this trend will continue.

WHITE PAPER "PROPOSAL FOR TAX REFORM"

For some years now, Canada has enjoyed a favourable tax climate for the exploration and development of its mineral and natural resources. The natural resource industries have therefore been able to attract the necessary "risk capital", develop products which compete in world markets and thus win billions of dollars of foreign exchange. This, in spite of our isolated mining areas, severe cold weather conditions, small operations and supporting frontier communities. This has been accomplished by technical know-how, love of country, the creative people involved, the incentive to work, and the risk capital made available.

On November 7, 1969, our Honourable Minister of Finance, Mr. E. J. Benson, announced his so-called (White Paper) "Pro-

posals for Tax Reform". This 96 page booklet completely changes the basic philosophy from one of an economic climate of encouraging private enterprise to that of a social welfare economy. Opposition to this White Paper is growing rapidly across the country.

It is hoped that our Government will either abandon, or rewrite and alter this "Proposal for Tax Reform".

It is our opinion (and that of many other Taxpayers') that any new Tax Reform should be so written and enacted as to (a) encourage private enterprise to become more profitable, (b) to encourage and reward aggressive companies and entrepreneurs to create new industries, and (c) to encourage the development of our natural resources. In this way a broader tax base can be created for the benefit of all our citizens.

APPRECIATION

It was with extreme regret that we received the resignation of R. A. Jodrey. During his 19 years as a Director, Mr. Jodrey contributed

substantially to your company. We are pleased that his son, John Jodrey, agreed to replace him on the Board.

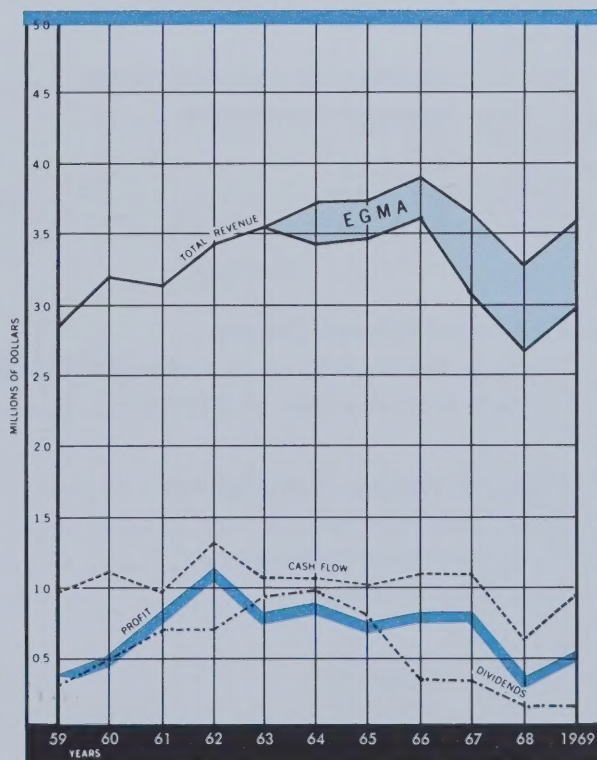
On behalf of the Directors and Shareholders I wish to express appreciation for the co-operation and loyalty of the management, staff and employees of the company.

Respectfully submitted on behalf of the Board,

A. W. WHITE,
President.

Toronto, Ontario,
March 30, 1970.

10 YEAR RECORD OF OPERATIONS



DICKENSON MINES LIMITED

(with comparative figures at December 31, 1968)

ASSETS

| Current Assets | 1969 | 1968 |
|---|--------------------|--------------------|
| Bullion on hand and in transit, at net realizable value | \$ 244,000 | \$ 232,000 |
| Emergency gold mining assistance receivable | 263,000 | 292,000 |
| Accounts receivable and accrued interest | 75,000 | 94,000 |
| Prepaid expenses | 17,000 | 11,000 |
| Total current assets | 599,000 | 629,000 |
| Investments in Other Companies (Notes 7 - 10) | | |
| 2,030,508 shares (2,017,508 in 1968) Kam-Kotia Mines Limited at cost (quoted market value, 1969 — \$7,208,304; 1968 — \$5,749,898) ... | 2,959,000 | 2,911,000 |
| Other listed shares, at cost (quoted market value, 1969 — \$472,092; 1968 — \$787,907) | 1,392,000 | 1,475,000 |
| Interest in non-consolidated subsidiary companies at cost (Note 1) | 144,000 | 138,000 |
| Other shares, bonds, advances and participations at cost | 2,767,000 | 2,609,000 |
| | 7,262,000 | 7,133,000 |
| Less: Allowance for decline in value | 2,000,000 | 2,000,000 |
| | 5,262,000 | 5,133,000 |
| Fixed Assets | | |
| Buildings, machinery and equipment, at cost | 5,799,000 | 5,732,000 |
| Less: Accumulated depreciation | 5,319,000 | 5,105,000 |
| | 480,000 | 627,000 |
| Mining claims, at cost | 254,000 | 254,000 |
| Townsite lots, at cost | 90,000 | 98,000 |
| | 824,000 | 979,000 |
| Other Assets and Deferred Charges | | |
| Interest in and expenditures on outside mining properties | 873,000 | 776,000 |
| Less: Amounts written off (Note 5) | 444,000 | 412,000 |
| | 429,000 | 364,000 |
| Stores and supplies, at average cost | 340,000 | 388,000 |
| Special refundable tax | 7,000 | 12,000 |
| Deposits with government agencies | 6,000 | 6,000 |
| Other deferred charges | 19,000 | 9,000 |
| | 801,000 | 779,000 |
| | <u>\$7,486,000</u> | <u>\$7,520,000</u> |

The accompanying notes form o

Balance Sheet

December 31, 1969

LIABILITIES

Current Liabilities

| | 1969 | 1968 |
|--|----------|-----------|
| Bank overdraft | \$ 6,000 | \$ 39,000 |
| Bank loans — secured (Note 2) | 84,000 | 584,000 |
| Accounts payable and accrued liabilities | 275,000 | 248,000 |
| Wages accrued | 38,000 | 38,000 |
| Mining taxes accrued | — | 4,000 |
| Funds payable under mortgage agreement | — | 6,000 |
| Total current liabilities | 403,000 | 919,000 |

Shareholders' Equity

Capital stock

Authorized 3,750,000 shares of \$1 each \$3,750,000

Issued 3,556,000 shares 3,556,000 3,556,000

Surplus

Contributed surplus 1,430,000 1,430,000

Earned surplus 2,097,000 1,615,000

3,527,000 3,045,000

Total shareholders' equity 7,083,000 6,601,000

Contingent Liability (Note 10)

Approved on behalf of the Board:

A. W. WHITE, Director.

S. C. SMITH, Director.

\$7,486,000

\$7,520,000

DICKENSON MINES LIMITED

STATEMENT OF OPERATIONS

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| Revenue | 1969 | 1968 |
|---|-------------------|-------------------|
| Bullion production | \$2,998,000 | \$2,699,000 |
| Emergency gold mining assistance | 568,000 | 718,000 |
| | <u>3,566,000</u> | <u>3,417,000</u> |
| Expense | | |
| Marketing | 15,000 | 18,000 |
| Exploration and development | 313,000 | 487,000 |
| Mining | 1,377,000 | 1,246,000 |
| Milling | 550,000 | 534,000 |
| Mine management, office and general | 383,000 | 386,000 |
| Head office administration and general | 143,000 | 148,000 |
| Interest on bank loans | 23,000 | 68,000 |
| | <u>2,804,000</u> | <u>2,887,000</u> |
| Operating Profit | 762,000 | 530,000 |
| Other Income | | |
| Dividend from Kam-Kotia Mines Limited | 202,000 | 202,000 |
| Income from other investments | 41,000 | 37,000 |
| Profit on sale of fixed assets | — | 24,000 |
| | <u>1,005,000</u> | <u>793,000</u> |
| Other Expense | | |
| Provision for depreciation of buildings, machinery and equipment (Note 4) | 227,000 | 255,000 |
| Provision for tax under the Mining Tax Act, Ontario | 1,000 | 4,000 |
| Outside exploration written off (Note 5) | 32,000 | 27,000 |
| Loss on sale of investments | 85,000 | 57,000 |
| Adjustments of prior years' estimates of emergency gold mining assistance | — | 3,000 |
| | <u>345,000</u> | <u>346,000</u> |
| Net Profit for the year | <u>\$ 660,000</u> | <u>\$ 447,000</u> |

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

STATEMENT OF EARNED SURPLUS

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| | 1969 | 1968 |
|------------------------------------|--------------------|--------------------|
| Balance at beginning of year | \$1,615,000 | \$1,346,000 |
| Add: | | |
| Net profit for the year | 660,000 | 447,000 |
| | 2,275,000 | 1,793,000 |
| Deduct: | | |
| Dividends paid | 178,000 | 178,000 |
| Balance at end of year | <u>\$2,097,000</u> | <u>\$1,615,000</u> |

The accompanying notes form an integral part of this statement.

AUDITORS' REPORT

To the Shareholders,
Dickenson Mines Limited,
TORONTO, Ontario.

We have examined the attached balance sheet of Dickenson Mines Limited as at December 31, 1969, together with the statements of operations, earned surplus and source and disposition of funds for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969, and the results of its operations and sources and dispositions of funds for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

GARDNER, McDONALD & CO.,
Chartered Accountants.

TORONTO, March 17, 1970.

DICKENSON MINES LIMITED

STATEMENT OF SOURCE AND DISPOSITION OF FUNDS

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| Source of Funds | 1969 | 1968 |
|--|-------------------|-------------------|
| Net profit from operations | \$ 660,000 | \$ 447,000 |
| Add: Charges to operations which in themselves did not require an outlay of funds during the year | | |
| Provision for depreciation | 227,000 | 255,000 |
| Outside exploration written off | 32,000 | 27,000 |
| | <u>919,000</u> | <u>729,000</u> |
| Decrease in stores and supplies | 48,000 | 21,000 |
| Decrease in deferred charges | — | 11,000 |
| Decrease in deposits with government agencies | — | 13,000 |
| Disposal of investments and interest in other companies | — | 20,000 |
| Special refundable tax recovered | 5,000 | 22,000 |
| Capital stock issued for cash | — | 125,000 |
| | <u>\$ 972,000</u> | <u>\$ 941,000</u> |
| Disposition of Funds | | |
| Dividends | \$ 178,000 | \$ 178,000 |
| Outside exploration | 90,000 | 28,000 |
| Fixed asset additions (net) | 79,000 | 88,000 |
| Investments and interests in other companies | 129,000 | — |
| Increase in deferred charges | 10,000 | — |
| Increase in working capital | 486,000 | 647,000 |
| | <u>\$ 972,000</u> | <u>\$ 941,000</u> |

The accompanying notes form an integral part of this statement.

DICKENSON MINES LIMITED

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. SUBSIDIARY COMPANIES

The accounts of Duchesne Red Lake Mines Limited and Kenwest Mines Limited have not been consolidated with those of the company as the subsidiaries are dormant or are developing their properties and expenditures since acquisition of control have been deferred to future operations.

2. BANK LOANS

The bank loans are secured by the pledging of marketable securities having an aggregate quoted market value of \$710,000.

3. INCOME TAXES

No provision is required for taxes on income for the year as allowable adjustments completely offset the net profit.

4. DEPRECIATION

Depreciation has been recorded in the company's accounts using the straight line method at the rate of 15% per annum.

5. OUTSIDE EXPLORATION

Cost incurred in exploration of outside properties has been charged to operations at such time as the company relinquished its interest in such properties.

6. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Remuneration of directors and senior officers during the year ended December 31, 1969 amounted to \$84,000 (\$79,000 in 1968).

7. INVESTMENTS IN OTHER COMPANIES

Investments in other companies, carried at a net value of \$5,262,000 include securities which had a quoted market value on December 31, 1969 of approximately \$7,680,000 based on closing market quotations on that date. This latter amount does not necessarily represent the value of these holdings, which may be more or less than that indicated by market quotations.

8. CONTINGENT LIABILITY

Under the terms of an agreement dated October 15, 1968, and in consideration of a sole, exclusive and irrevocable option, granted by Jameland Mines Limited, to purchase all or any part of 400,000 shares of its capital stock at a price of 60¢ per share for a period of three years from agreement date, Dickenson Mines Limited and Kam-Kotia Mines Limited have jointly guaranteed a line of credit of up to \$1,000,000 granted to Jameland Mines Limited by its bankers.

Dickenson and Kam-Kotia have agreed to terminate this option upon consummation of the transactions contemplated in the undernoted agreement between Kam-Kotia, Dickenson, Jameland and Boliden Aktiebolag of Sweden.

9. JAMELAND MINES LIMITED

By agreement dated December 10, 1969, the company, Kam-Kotia and Jameland extended to Boliden Aktiebolag of Sweden an option, exercisable on or before March 31, 1970, to purchase a total of 1,250,000 shares of Jameland as follows:

| | |
|--|----------------|
| from Dickenson at 80 cents per share | 100,000 shares |
| from Kam-Kotia at 80 cents per share | 556,671 shares |
| from Jameland at \$1.00 per share | 593,329 shares |

The option was exercisable by notice in writing from Boliden prior to March 31, 1970 of its intention to purchase and pay for the shares pursuant to the agreement on or before April 30, 1970. On February 27, 1970, Boliden gave notice of its intention to purchase and pay for the said shares.

10. KAM-KOTIA MINES LIMITED

At December 31, 1969 Dickenson owned 47.33% of the outstanding capital of Kam-Kotia Mines Limited. Dickenson's proportionate interest in Kam-Kotia's 1969 net profit of \$2,956,000 amounted to \$1,399,000.

REPORT OF OPERATIONS

This report covering the operations of your company for the year 1969 is respectfully submitted.

PRODUCTION

174,272 tons of ore were milled which yielded 77,977.3 fine ounces of gold and 6,945 fine ounces of silver. The total value of this bullion was \$2,998,000 or a recovery of \$17.20 per ton milled. The average value received was \$38.28 per ounce for gold and \$1.81 per ounce for silver. In addition, benefit

received and receivable under the Emergency Gold Mining Assistance Act is estimated to be \$568,370 or \$7.29 per ounce of gold.

To date the mine has produced 1,503,624.0 ounces of gold and 128,397.5 ounces of silver with a total value of \$54,313,900 for an average value received from the Mint and the Bank of Nova Scotia of \$36.02 per ounce of gold and \$1.18 per ounce of silver; total tons milled amount to 3,069,812 for a recovery of 0.49 ounces of gold per ton.

ANALYSIS OF OPERATING COSTS

| | 1969 | | | 1968 |
|-----------------------------------|--------------------|-------------------|-----------------|-----------------|
| | Total | Per Ton Milled | Per Ounce | Per Ounce |
| Shaft Sinking (No. 2 Shaft) | — | — | — | \$.97 |
| Exploration and Development | \$ 313,185 | \$ 1.80 | \$ 4.02 | 5.89 |
| Mining | 1,376,667 | 7.90 | 17.65 | 17.55 |
| Milling | 549,767 | 3.15 | 7.05 | 7.51 |
| Mine General Expense | 382,488 | 2.19 | 4.91 | 5.44 |
| Head Office Expense | 143,359 | .82 | 1.83 | 2.09 |
| Interest on Bank Loans | 23,335 | .14 | .30 | .96 |
| Marketing Charges | 15,375 | .09 | .20 | .25 |
| | <u>\$2,804,176</u> | <u>\$ 16.09</u> | <u>\$ 35.96</u> | <u>\$ 40.66</u> |

MINING

Broken ore totalling 66,627 tons remained in the stopes, a decrease of 3,655 tons from the previous year. Also, 1,934 tons remained in ore bins and ore passes at year's end.

175,647 tons of ore were hoisted. This ore tonnage consisted of: 10,333 tons grading 0.418 ozs./ton obtained from development; 159,044 tons grading 0.454 from stopes and stope development; and 6,270 tons grading

1.157 ozs./ton derived from Robin development. Waste hoisted amounted to 20,253 tons.

Stoping operations were carried on in the North "C", South "C", East South "C", "D", "E", "F", and "H" zones on the upper twenty-two levels. Of the total ore hoisted, the percentages from the zones were: North "C" — 6.3%; South "C" — 8.2%; East South "C" — 56.9%; "D" — 11.3%; "E" — 3.0%; "F" — 5.9%; "H" — 4.7%; Miscellaneous, including Robin, 3.7%.

At year's end twenty stopes were operating, of which seventeen were cut-and-fill, two were shrinkage, and one was of the long hole type. Tons broken per rock drill shift in stopes and backstopes were 63.3 compared to 57.4 in 1968. The average stope width was 7.0 feet compared to 7.2 feet the previous year.

EXPLORATION AND DEVELOPMENT

Developments of major interest — Reference can be made to the map in this report to obtain the relative locations of the ore zones mentioned here.

(1) Development work continued in the #2 Shaft area on the twenty-fourth, twenty-fifth, twenty-sixth, twenty-seventh, and thirtieth levels with some short sections of East South "C" zone ore being developed on the twenty-fourth and twenty-seventh levels. The twenty-fourth level has been completed to the Robin Red Lake Mines boundary, with several diamond drill hole ore intersections left to be explored. The latter four levels mentioned above have developed approximately two-thirds of the East South "C" zone to the Robin boundary. No development work has been done on the twenty-eighth and twenty-ninth levels.

(2) Development of ore by sub-levelling and raising in the East South "C", South "C", "D", "F", and "H" zones from the fifteenth to twentieth levels continued. Short sections of ore were developed in the South "C" zone at the sixteenth and twenty-second levels.

| SUMMARY OF DEVELOPMENT FOOTAGE | 1969 | 1968 | 1967 | TO DATE |
|--------------------------------|--------|--------|--------|---------|
| #1 Shaft | — | — | — | 3,589 |
| #2 Shaft | — | — | — | 1,249 |
| Station Cutting | — | — | — | 1,689 |
| Drifting | 2,966 | 4,263 | 3,131 | 95,304 |
| Crosscutting | 859 | 1,905 | 2,384 | 67,980 |
| Raises | 1,373 | 1,470 | 983 | 46,684 |
| Ore Passes | — | 980 | 299 | 5,347 |
| Waste Passes | — | 558 | 755 | 4,612 |
| Slashing | 405 | 846 | 629 | 20,432 |
| Diamond Drilling: | | | | |
| Surface | — | — | — | 60,721 |
| Underground | 24,005 | 41,405 | 50,613 | 892,475 |

ORE DEVELOPED BY DRIFTING

| ZONE | LINEAL FEET | OUNCES PER TON | WIDTH FEET | LEVEL |
|-------------------------|----------------|-------------------|---------------|------------|
| East South "C" | 182.2 | 0.52 | 6.2 | 18, 24, 27 |
| South "C" | 115.0 | 0.66 | 5.4 | 16, 22 |
| Total and Average | 297.2 | 0.57 | 5.9 | |

REMARKS ON ORE ZONES

North "C" — Ore remnants remain to be mined above the third level. Several sills have yet to be mined.

South "C" — Stoping and stope preparation continues principally between the fifteenth and twenty-second levels. Some sills remain to be mined.

East South "C" — Stoping and stope preparation are continuing between the thirteenth and twenty-second levels. Considerable sill mining has still to be done in this zone.

"F" — The known ore has been developed. Stope work is confined to the eighteenth and twentieth levels. Sills remain to be extracted in this zone.

"D" — Stoping continues on the eighth, seventeenth, and eighteenth levels. Some sill work remains.

"H" — No ore has been found above the fourteenth or below the nineteenth levels in this zone. Stope preparation and stoping are in progress at the fifteenth to the eighteenth levels.

"E" — a small amount of broken ore remains to be pulled.

"J" — A small tonnage of moderate grade ore is to be mined in this zone at the twenty-third level.

"B", "G", "I" — A small tonnage of ore has been found in these zones to date.

ORE RESERVES

At December 31, 1969, positive ore reserves, broken and in place, were calculated to be 474,669 tons having an average grade of 0.505 ounces of gold per ton. This compares with 513,281 tons grading 0.507 oz./ton at December 31, 1968. The distribution of ore is as follows:

| | Tons | Grade |
|-----------------------|----------------|--------------|
| Above 1st level | 14,900 | 0.53 |
| " 2nd level | 7,657 | 0.49 |
| " 3rd level | 19,493 | 0.40 |
| " 4th level | 1,338 | 0.41 |
| " 5th level | 375 | 0.34 |
| " 6th level | 2,300 | 0.41 |
| " 7th level | 7,748 | 0.46 |
| " 8th level | 16,529 | 0.47 |
| " 9th level | 7,898 | 0.46 |
| " 10th level | 8,229 | 0.57 |
| " 11th level | 2,403 | 0.45 |
| " 12th level | 2,335 | 0.76 |
| " 13th level | 1,401 | 0.64 |
| " 14th level | 7,443 | 0.59 |
| " 15th level | 32,479 | 0.36 |
| " 16th level | 38,105 | 0.44 |
| " 17th level | 88,839 | 0.47 |
| " 18th level | 64,455 | 0.48 |
| " 19th level | 22,124 | 0.62 |
| " 20th level | 26,002 | 0.56 |
| " 21st level | 35,295 | 0.81 |
| " 22nd level | 39,347 | 0.49 |
| " 23rd level | 10,406 | 0.43 |
| " 25th level | 3,287 | 0.61 |
| " 26th level | 7,764 | 0.55 |
| " 27th level | 6,517 | 0.50 |
| | <u>474,669</u> | <u>0.505</u> |

(All High Assays Cut To 2.00 Ounces)

POSITIVE ORE RESERVES BY ZONES

| Zone | Tons | Grade | Per-centage |
|---------------------|----------------|--------------|--------------|
| North "C" | 59,222 | 0.467 | 12.5 |
| South "C" | 72,105 | 0.519 | 15.2 |
| East South "C" | 231,775 | 0.545 | 48.8 |
| "D" | 34,177 | 0.491 | 7.2 |
| "E" | 1,410 | 0.299 | 0.3 |
| "F" | 22,089 | 0.545 | 4.6 |
| "H" | 50,755 | 0.346 | 10.7 |
| "J" | 3,136 | 0.409 | 0.7 |
| | <u>474,669</u> | <u>0.505</u> | <u>100.0</u> |

MILLING

Summary of mill operations with the previous year given for comparison:

| | 1969 | 1968 |
|--|---------|---------|
| Tons treated | 174,272 | 160,825 |
| Percent Operating Time | 98.87 | 97.77 |
| Tons Treated per day | 477.5 | 439.4 |
| Average value millheads in ounces of gold per ton | 0.485 | 0.480 |
| Assay of mill tails in ounces of gold per ton | 0.037 | 0.038 |
| Recovery in ounces of gold per ton | 0.448 | 0.442 |
| Percent Recovery | 92.43 | 92.00 |

OUTSIDE EXPLORATION FROM MINE OFFICE

At year's end, Dickenson, through the mine office, held 43 claims in seven groups, of which six groups were for gold and one for iron.

Five claims in Balmer Township were brought to lease.

Three claims in Baird Township, adjoining the Parvus property, had one diamond drill hole, 475 feet in length, drilled for exploration and assessment work purposes.

Two claims in connection with the Starratt Nickel Mines in Baird Township were sur-

veyed by an Ontario Land Surveyor to complete the required assessment work.

Twenty-three claims were held in the North Spirit Lake area for iron possibilities. These claims were prospected and six diamond drill holes, consisting of 3,277 feet of "A" Core, were drilled for exploration and assessment work purposes.

CAPITAL EXPENDITURES

Capital Expenditures for the year amounted to \$85,749 and included the following as major items:

Underground

- 1 — New Clayton Three ton battery loco, complete with two batteries, battery boxes and charger.
- 2 — Used Atlas 1½ ton battery locos.
- 1 — Bit Locker.
- 1 — Tirfor Cable Hoist.
- 1 — Used Backfill bulk cement tank.
- 4 — Used C.I.R. HNNIJ 10 H.P. Air-powered slusher hoists.

Surface

- 1 — Capacitor Bank for power factor correction.
- 1 — Used C.I.R. 18" x 7" F.R.I. Vacuum Pump.
- 1 — Used Symons 3' Shorthead Crusher.
- 1 — Bulloch's 5,000 c.f.m. Direct-fired propane heater.
- 1 — Used Mobile Home.
- 1 — Employee Dwelling.

GENERAL

During the year a number of equipment and operational changes were made in order to improve efficiency and to decrease cost levels. The effectiveness of these measures can be demonstrated by the fact that most per unit operational costs were actually decreased in 1969, despite strongly inflationary price and wage increases. Further measures

to improve operations were initiated in late 1969, which will be brought to completion in 1970.

One of the major problems faced during the year was a severe shortage of contract diamond drillers. As drilling was thus forced to be of a routine nature, the lack of exploratory drilling, to outline new development targets, seriously hindered the development capability of the mine.

Labour turnover remained as high in 1969, as in 1968, however, better recruiting procedures decreased the severity of this problem. Although the turnover in the underground department slackened slightly this year, increased turnover of shop and mill personnel was experienced. The operating force at year's end, including staff, but not part-time students or contract diamond drillers, numbered 237, as compared with 247 in 1968.

The safety record of Dickenson Mines Limited for 1969 was excellent, as the accident frequency for 1969 was only 9.8 accidents per million manhours compared with 13.0 accidents per million manhours in 1968. It is expected that the Company will place highly in the Ontario John T. Ryan Trophy competition.

Facilities in the townsite were again improved this year, with the installation of 13,000 feet of sidewalks and the erection of an outdoor ice rink by the Kinsmen. Within the Improvement District of Balmertown a new skiing facility was opened at Cochenour and the airport at Cochenour was lengthened and paved.

Weight of supplies delivered to the property:

| | |
|--|-------------------|
| From local sources (mainly propane, timber, oils and greases, and food-stuffs) | 2,644 tons |
| From Railhead (chemicals, steels, and General supplies) | 874 tons |
| Direct Trucking (Explosives, Mill Balls, and Capital Equipment) | 545 tons |
| | <u>4,063 tons</u> |

This year a number of senior staff members retired, and we wish to take this opportunity to express our sincere appreciation for their years of loyal, diligent service to the company. These men are:

J. Jackson, Mechanical Superintendent
H. A. McEwen, Electrical Superintendent
W. D. McKinley, Mill Superintendent

During the year a number of senior promotions were made within the company.

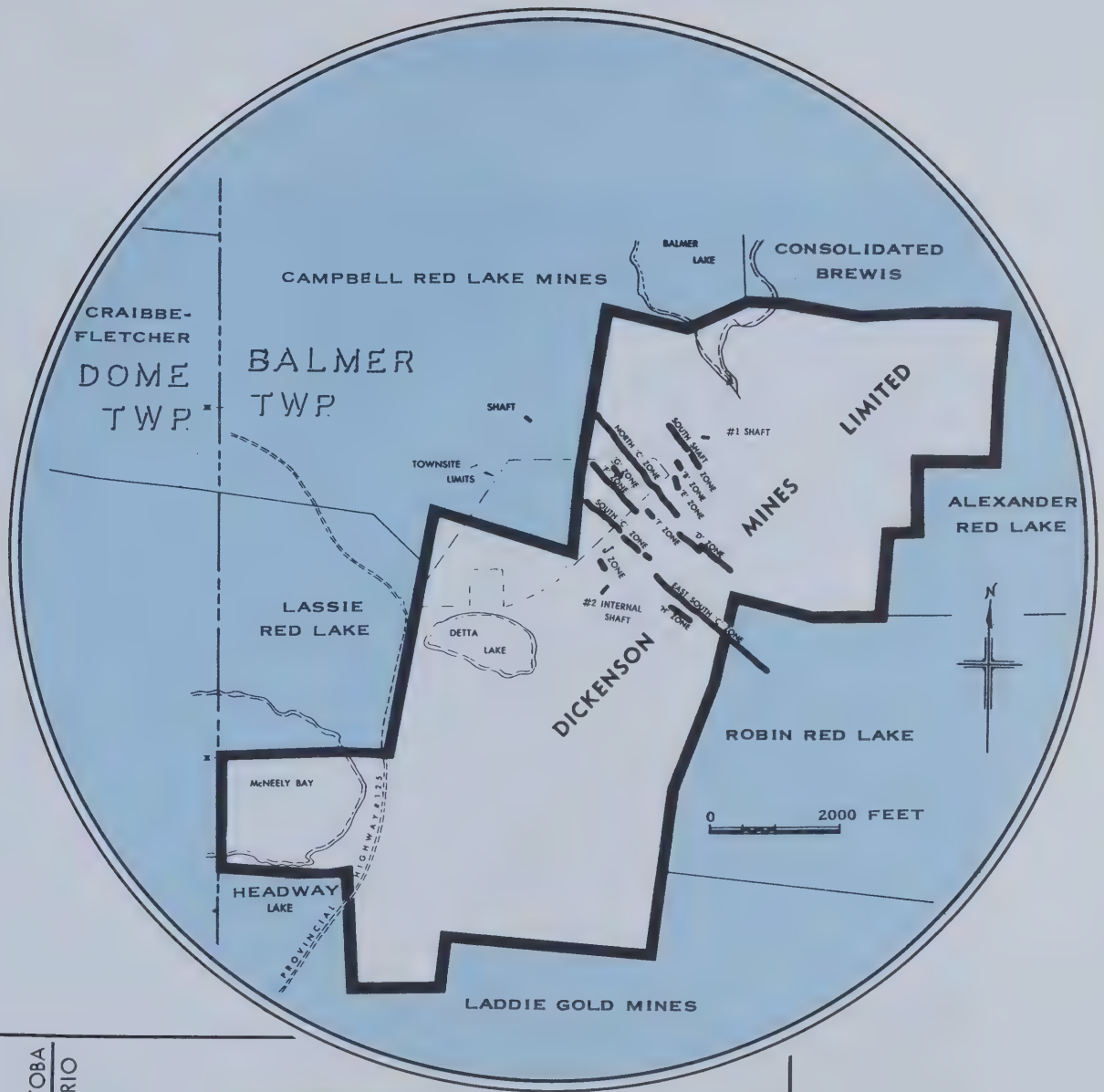
These promotions were:

J. Gillis, Operations Consultant
D. C. Rance, Mine Manager
C. MacKinnon, Underground Superintendent
P. J. Molloy, Mill Superintendent
R. E. Green, Mechanical Superintendent
O. Kwasnycia, Electrical Superintendent

In conclusion, we wish to thank the President and Directors, for their guidance and support and to express our appreciation to the Mine Department Heads, Staff, and Employees who have efficiently served your Company during the past year.

Yours very truly,

F. A. FELL, D. C. RANCE,
General Manager. Mine Manager.





KAM-KOTIA MINES LIMITED

KAM-KOTIA MINES LIMITED

| | |
|----------------------------------|---|
| DIRECTORS | <p>A. W. WHITE - - - - - Toronto, Ontario</p> <p>G. W. WALKEY - - - - - Toronto, Ontario</p> <p>D. F. BURT - - - - - Toronto, Ontario Solicitor, Burt, Burt, Wolfe & Bowman</p> <p>J. D. BARRINGTON, Mining Engineer - - - - - Toronto, Ontario</p> <p>J. J. WHITE, Brewis & White Limited - - - - - Burlington, Ontario</p> <p>J. GEDDES - - - - - Clarkson, Ontario</p> <p>H. V. WHITE, Burns Bros. and Denton Limited - - - - - Toronto, Ontario</p> |
| OFFICERS | <p>A. W. WHITE - - - - - President</p> <p>G. W. WALKEY - - - - - Vice-President & General Manager</p> <p>H. R. HEARD - - - - - Secretary-Treasurer</p> <p>J. GEDDES - - - - - Assistant Secretary</p> |
| TIMMINS MINE | |
| Mine Manager | H. V. MAXWELL |
| Timmins Office Address | Box 290, Timmins, Ontario |
| COBALT REFINERY DIVISION | |
| Manager | J. N. CRAM |
| Refinery Office Address | R.R. #1, Cobalt, Ontario. |
| WESTERN DIVISION | |
| Mine Manager | Wm. HOGG |
| Mine Office Address | New Denver, British Columbia |
| HEAD OFFICE | 25 Adelaide St. West, Suite 416, Toronto, Ontario. Telephone 362-4581 |
| TRANSFER AGENTS AND REGISTRAR | The Sterling Trusts Corporation, Toronto, Ontario Canadian Bank of Commerce Trust Company, New York, N.Y. |
| STOCK LISTED | Toronto and Canadian Stock Exchanges — Symbol KKL |
| SOLICITORS | Burt, Burt, Wolfe & Bowman, Toronto, Ontario. |
| AUDITORS | Thorne, Gunn, Helliwell & Christenson, Toronto, Ontario |
| BANKERS | Canadian Imperial Bank of Commerce |
| ANNUAL MEETING | Thursday, April 30, 1970, at 2:00 p.m. (Toronto Time), Tudor Room, Royal York Hotel, Toronto, Ontario |

KAM-KOTIA MINES LIMITED

SUMMARY

KAM-KOTIA MINES LIMITED

9 YEAR RECORD

| (IN THOUSANDS OF DOLLARS) | 1969 | 1968 | 1967 | 1966 | 1965 | 1964 | 1963 | 1962 | 1961 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Metal recoveries | 15,841 | 11,208 | 9,159 | 7,769 | 6,969 | 5,009 | 3,998 | 3,718 | 1,614 |
| Depreciation and amortization | 691 | 777 | 898 | 676 | 646 | 791 | 583 | 474 | 235 |
| Income before income taxes | 4,196 | 2,135 | 1,754 | 2,315 | 765 | 247 | 804 | 803 | 76 |
| Income taxes | 1,240 | 684 | 540 | 350 | — | — | — | — | — |
| NET INCOME | 2,956 | 1,451 | 1,214 | 1,965 | 765 | 247 | 804 | 803 | 76 |
| Income per share | .69 | .34 | .29 | .46 | .18 | .07 | .22 | .22 | .02 |
| Dividends paid per share | .10 | .10 | .20 | .10 | — | — | — | — | — |
| Shares issued at year-end | 4,290,000 | 4,247,500 | 4,247,500 | 4,247,500 | 4,247,500 | 3,723,000 | 3,697,900 | 3,659,855 | 3,459,855 |
| Production — | | | | | | | | | |
| Tons (thousands) | 818 | 669 | 680 | 465 | 598 | 639 | 400 | 377 | 235 |
| Grade of copper | 1.205% | 1.37% | 1.36% | 1.67% | 1.56% | 1.26% | 2.00% | 1.95% | 1.59% |
| Pounds of copper (thousands) | 16,071 | 14,448 | 14,850 | 12,707 | 15,338 | 13,692 | 12,868 | 12,036 | 5,732 |
| Grade of zinc | 3.27% | 3.37% | 1.78% | 1.965% | 1.39% | 1.74% | — | — | — |
| Pounds of zinc (thousands) | 31,250 | 25,897 | 11,377 | 8,734 | 5,840 | 2,523 | — | — | — |
| Net working capital (or deficit) at year-end | 5,066 | 2,769 | 1,834 | 1,798 | 955 | (1,300) | (1,619) | (590) | (765) |

PRESIDENT'S REPORT TO SHAREHOLDERS

Consolidated Net Income in 1969 rose to \$2,956,000 (69 cents per share) or more than double the 1968 result of \$1,451,000 (34 cents per share).

Items of special interest:

- Increased copper production and copper prices.
- The tonnage milled was higher by 11% although grade was lower.
- Mill expansion completed in early 1969 allowed higher tonnage (until Jameland ore processing started in November).
- Reduced Bank loans (from \$6,488,000 in 1968 to \$346,000 in 1969).
- Reduction of silver inventories which provided funds to reduce the loans.

COBALT REFINERY DIVISION

A loss of \$213,000 was incurred during 1969. Expansion in 1969 in refining capacity was planned by the installation of a converter furnace. Start-up difficulties with this equipment limited production and contributed to higher overhead. Providing the production problems can be satisfactorily resolved and sufficient silver material is available, the refinery is capable of operating profitably.

JAMELAND MINES LIMITED

The surface plant was completed and underground development advanced to the point where production was started in November 1969 by shipping ore to Kam-

Kotia's mill. A total of \$812,772 was spent by Kam-Kotia Mines for which 1,354,620 shares of Jameland were received.

Kam-Kotia owned 2,105,166 shares of 47.8% of the issued shares of Jameland at December 31, 1969. Early in 1970, Boliden Aktiebolag, a large Swedish mining organization, agreed to acquire 1,250,000 shares of Jameland, of which Kam-Kotia will provide 551,671 shares for \$445,337.

For further information about the Jameland operation see the Jameland section of G. W. Walkey's report.

CINCINNATI-PORCUPINE MINES LIMITED

During 1969, Kam-Kotia expended \$182,863 to explore the adjoining Cincinnati-Porcupine property for which Kam-Kotia is entitled to 831,652 shares. Further exploration planned, is expected to cost approximately \$275,000.

Mineralized areas have been located but as yet, no commercial ore has been found. Two exploratory drives have reached the Cincinnati boundary on the 9th (1600 ft.) level, one of which is now 750 feet into Cincinnati ground.

WESTERN OPERATIONS

The exploration and development program being carried out on Silmonac Mines property has produced favourable results and a profitable operation is indicated. This program is being financed by a joint venture with Kam-Kotia and Burkam Mines Limited (Burden Investor Services Inc.) as equal partners, under a lease agreement whereby the joint venture is entitled to recover its investment from production if the property is placed in production, and profits thereafter are to be divided 51% to the joint venture and

49% to Silmonac. The joint venture, under the lease agreement, has undertaken to spend \$400,000 on or before September 1, 1972, and about \$387,000 had been spent on the project to the end of 1969. It is estimated that an additional \$250,000 will have to be spent to place the property in production, using the Carnegie milling plant. Mr. G. W. Walkey's report covers operations for 1969. Drifting and underground diamond drilling in the first three months of 1970 have extended the strike length of the lode tested to about 1,000 feet, most of which appears to be productive.

Mr. J. C. Black who has managed the Western division for many years, retired at the end of 1969 and I would like to record my appreciation of Mr. Black's contribution to your company. Mr. Black will be available to consult on the Western operations. Mr. W. Hogg, formerly Chief Geologist and Engineer at Kam-Kotia, was appointed Manager of Western Operations.

ALBERTA OIL INTERESTS

Since 1960 your company has maintained through its subsidiary, Camarillo Oils Limited, a small working and royalty interest in a substantial block of land in the Southwest Grande Prairie region of Alberta.

In 1968 Kam-Kotia purchased the Petroleum and Natural Gas rights on some 8,900 acres in the same general area.

Recent discoveries of oil and gas in the Racinus and Strachan areas of Southwestern Alberta have caused activity to fan out along the foothills belt.

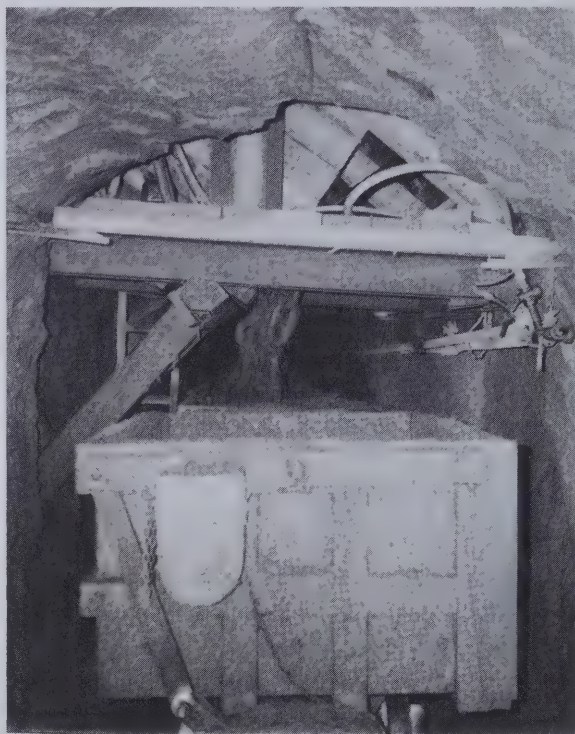
This area of activity now encompasses most of the lands held by your companies. Oil companies are now expressing interest in the development of these leases.

MR. BENSON'S WHITE PAPER

Please refer to my comments on this matter in the Dickenson Report.

OUTLOOK

Copper prices have continued at a high level in 1970 with no sign of a decline. Kam-Kotia's tonnage will be less in 1970 due to allocation of milling capacity for Jameland ore, however, a cash flow is being generated from the Jameland production passing through the mill.



Loading Chute Jameland Mines Limited

APPRECIATION

During 1969, employees exercised their options on 42,500 Kam-Kotia shares at \$3.00 per share providing the treasury with \$127,500.

On behalf of the directors and shareholders, I wish to thank company employees for their efforts and cooperation during the year.

Respectfully submitted on behalf of the Board,

A. W. WHITE,
President.

Toronto, Ontario,
March 30, 1970.

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Income

Year ended December 31, 1969

(with comparative figures for 1968)

| Mining | 1969 | 1968 |
|---|----------------------------|----------------------------|
| Revenue | | |
| Metal recovery, gross value | \$15,841,000 | \$11,208,000 |
| Deduct transportation and treatment costs | <u>5,078,000</u> | <u>4,115,000</u> |
| | \$10,763,000 | <u>7,093,000</u> |
| Expenses | | |
| Development and mining | 2,181,000 | 2,293,000 |
| Milling | 1,228,000 | 1,076,000 |
| Mine management, office and general property expenses | 682,000 | 684,000 |
| Ontario mining tax | 781,000 | 162,000 |
| Head office administrative and general expenses ... | <u>182,000</u> | <u>198,000</u> |
| | 5,054,000 | 4,413,000 |
| Operating income before depreciation and amortization | <u>5,709,000</u> | <u>2,680,000</u> |
| Deduct | | |
| Depreciation (note 6) | 527,000 | 503,000 |
| Amortization of shaft sinking and development expenditures (note 6) | <u>164,000</u> | <u>274,000</u> |
| | 691,000 | 777,000 |
| Operating income — mining | 5,018,000 | 1,903,000 |
| Refinery Income (Loss) after expenses which include depreciation of \$173,000 (1968 — \$130,000) | <u>(213,000)</u> | <u>351,000</u> |
| | 4,805,000 | <u>2,254,000</u> |
| Other Deductions | | |
| Allowance for decline in value of other shares | 17,000 | 125,000 |
| Outside exploration expenditures written off | <u>627,000</u> | <u>27,000</u> |
| | 644,000 | 152,000 |
| | <u>4,161,000</u> | <u>2,102,000</u> |
| Investment Income | | |
| Dividends from Dickenson Mines Limited | 24,000 | 23,000 |
| Other dividends, interest and royalties | 17,000 | 12,000 |
| Loss on sale of shares | <u>(6,000)</u> | <u>(2,000)</u> |
| | 35,000 | 33,000 |
| Income before income taxes | 4,196,000 | 2,135,000 |
| Income taxes | | |
| Current | 1,305,000 | 679,000 |
| Deferred (note 7) | <u>(65,000)</u> | <u>5,000</u> |
| | 1,240,000 | 684,000 |
| Net Income for the year | <u><u>\$ 2,956,000</u></u> | <u><u>\$ 1,451,000</u></u> |

KAM-KOTIA M

(Incorporated under the laws of the Republic of Kenya and its consolidated financial statements)

Consolidated Balance Sheet

(with comparative figures for 1968)

ASSETS

| Current Assets | 1969 | 1968 |
|--|---------------------|---------------------|
| Metal settlements outstanding and inventories of metals, concentrates and products in process at net realizable value (note 2) | | |
| Copper and zinc | \$ 3,475,000 | \$ 2,590,000 |
| Silver and other refinery products | 3,900,000 | 8,712,000 |
| Receivable from Jameland Mines Limited | 217,000 | |
| Accounts receivable | 811,000 | 391,000 |
| | <u>8,403,000</u> | <u>11,693,000</u> |
| Investments in Other Companies | | |
| 509,209 (1968 — 471,009) shares Dickenson Mines Limited at cost (quoted market value, 1969 — \$1,181,000; 1968 — \$1,601,000) .. | 1,596,000 | 1,505,000 |
| Other listed shares at cost (quoted market value, 1969 — \$178,000; 1968 — \$190,000) | 250,000 | 268,000 |
| 2,105,166 (1968 — 730,843) shares Jameland Mines Limited, at cost (note 3) | 1,143,000 | 330,000 |
| Expenditures for which 261,203 shares of Jameland Mines Limited are to be received | | 157,000 |
| Interest in non-consolidated subsidiary companies at cost less amounts written off and allowance for decline in value (note 1) | 153,000 | 130,000 |
| Other shares, advances and participations at cost less amounts written off and allowance for decline in value | 504,000 | 721,000 |
| | <u>3,646,000</u> | <u>3,111,000</u> |
| Fixed Assets | | |
| Buildings, machinery and equipment at cost | 7,557,000 | 6,993,000 |
| Less accumulated depreciation | 4,794,000 | 4,143,000 |
| | <u>2,763,000</u> | <u>2,850,000</u> |
| Mining properties at cost | 668,000 | 668,000 |
| Land at cost | 7,000 | 7,000 |
| | <u>3,438,000</u> | <u>3,525,000</u> |
| Other Assets and Deferred Charges | | |
| Supplies at average cost | 395,000 | 368,000 |
| Prepaid expenses and deposits | 157,000 | 166,000 |
| Special refundable tax | 101,000 | 109,000 |
| Shaft sinking and development expenditures, less amortization | 88,000 | 252,000 |
| | <u>741,000</u> | <u>895,000</u> |
| | <u>\$16,228,000</u> | <u>\$19,224,000</u> |

ES LIMITED

ws of Ontario)
bsidiary companies

December 31, 1969

December 31, 1968)

LIABILITIES

Current Liabilities

| | 1969 | 1968 |
|--|------------------|------------------|
| Bank loan, secured (note 4) | \$ 346,000 | \$ 6,488,000 |
| Refinery settlements payable to shippers of concentrates and metallics | 980,000 | 1,183,000 |
| Other accounts payable and accrued liabilities | 585,000 | 675,000 |
| Taxes payable | 1,426,000 | 578,000 |
| | <u>3,337,000</u> | <u>8,924,000</u> |

Deferred Income Taxes (note 7)

| | |
|----------------|----------------|
| 130,000 | 195,000 |
| <u>130,000</u> | <u>195,000</u> |

Shareholders' Equity

Capital stock (note 5)

Authorized — 5,000,000 shares of \$1 each

| | | |
|---|-----------|-----------|
| Issued — 4,290,000 shares (1968 — 4,247,500 shares) | 4,290,000 | 4,248,000 |
|---|-----------|-----------|

| | | |
|------------------------------------|---------|---------|
| Deduct discount less premium | 348,000 | 433,000 |
|------------------------------------|---------|---------|

| | |
|------------------|------------------|
| <u>3,942,000</u> | <u>3,815,000</u> |
|------------------|------------------|

| | | |
|-------------------------|-----------|-----------|
| Retained earnings | 8,819,000 | 6,290,000 |
|-------------------------|-----------|-----------|

| | |
|-------------------|-------------------|
| <u>12,761,000</u> | <u>10,105,000</u> |
|-------------------|-------------------|

Approved by the Board:

A. W. WHITE, Director.

G. W. WALKEY, Director.

\$16,228,000

\$19,224,000

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Retained Earnings

Year ended December 31, 1969

(with comparative figures for 1968)

| | 1969 | 1968 |
|---|--------------------|--------------------|
| Balance at beginning of year | \$6,290,000 | \$5,264,000 |
| Net income for the year | 2,956,000 | 1,451,000 |
| | 9,246,000 | 6,715,000 |
| Deduct dividends — 10¢ per share (1968 — 10¢ per share) | 427,000 | 425,000 |
| Balance at end of year | <u>\$8,819,000</u> | <u>\$6,290,000</u> |

AUDITORS' REPORT

To the Shareholders of
Kam-Kotia Mines Limited

We have examined the consolidated balance sheet of Kam-Kotia Mines Limited and its consolidated subsidiary companies as at December 31, 1969 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 20, 1970.

THORNE, GUNN, HELLIWELL & CHRISTENSON,
Chartered Accountants.

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Consolidated Statement of Source and Application of Funds

Year ended December 31, 1969

(with comparative figures for 1968)

| Source of Funds | 1969 | 1968 |
|---|-------------|-------------|
| Operations | | |
| Net income for the year | \$2,956,000 | \$1,451,000 |
| Items not involving current funds | | |
| Depreciation, amortization and other | 1,137,000 | 907,000 |
| Allowance for decline in value of other shares | 17,000 | 125,000 |
| Deferred income taxes | (65,000) | 5,000 |
| | 4,045,000 | 2,488,000 |
| Refund of power line deposit | 32,000 | 82,000 |
| Special refundable tax | 8,000 | |
| Issue of shares | 127,000 | |
| | 4,212,000 | 2,570,000 |
| Application of Funds | | |
| Additions to buildings, machinery and equipment (net) | 613,000 | 961,000 |
| Investment in shares of and advances to other companies (net) | 825,000 | 218,000 |
| Special refundable tax | | 16,000 |
| Dividends | 427,000 | 425,000 |
| Other applications (net) | 50,000 | 15,000 |
| | 1,915,000 | 1,635,000 |
| Increase in working capital | 2,297,000 | 935,000 |
| Working capital at beginning of year | 2,769,000 | 1,834,000 |
| Working capital at end of year | \$5,066,000 | \$2,769,000 |

Notes to Consolidated Financial Statements

December 31, 1969

1. SUBSIDIARY COMPANIES

The consolidated financial statements include the accounts of the wholly owned subsidiary companies, Deebank Limited and Cobalt Refinery Limited. The non-consolidated subsidiary companies have been excluded from the consolidation as they are dormant or are developing their properties and their expenditures since acquisition of control have been deferred to future operations, except for certain write-offs, security profits and custom milling losses, carried direct to deficit. The proportion of the net amount so charged to deficit attributable to the shares held by Kam-Kotia in such subsidiary companies for their fiscal years ended in 1969 amounts to \$220 (1968 — \$14,000) and for the period since acquisition of the shares amounts to \$378,000 which is substantially less than the amounts written off in respect of the investment in such subsidiary companies.

2. METAL PRICES

In computing the net realizable value of metal settlements outstanding and inventories of metals, concentrates and products in process at December 31, 1969

- (a) copper has been valued at 69.6¢ per pound less treatment charges of 11.1¢ per pound, and
- (b) silver and other products in process have been valued at net selling prices, less costs to finish the products in process.

3. JAMELAND MINES LIMITED

Pursuant to an agreement dated October 15, 1968 with Jameland Mines Limited —

- (a) Kam-Kotia expended \$1,000,000 (1969 — \$812,772) on a program of exploration and development of the Jameland property, and received 1,666,666 (1969 — 1,354,620) shares of Jameland.
- (b) Kam-Kotia and Dickenson Mines Limited have jointly guaranteed the bank loans of Jameland. As consideration for the guarantee, Jameland has granted to Kam-Kotia and Dickenson an option to purchase up to 400,000 shares of Jameland at 60¢ per share exercisable on or before October 15, 1971. At December 31, 1969 the bank loans of Jameland amounted to \$1,000,000.

Kam-Kotia and Dickenson Mines Limited have agreed to terminate this option upon consummation of the transactions contemplated in the undernoted agreement between Kam-Kotia, Dickenson Mines Limited, Jameland Mines Limited and Boliden Aktiebolag of Sweden.

By agreement dated December 10, 1969, the company, Dickenson Mines Limited and Jameland Mines Limited extended to Boliden Aktiebolag of Sweden an option exercisable on or before March 31, 1970 to purchase a total of 1,250,000 shares of Jameland as follows:

| | |
|---|-------------------------|
| from Kam-Kotia at 80¢ per share | 556,671 shares |
| from Dickenson Mines Limited at 80¢ per share | 100,000 shares |
| from Jameland Mines Limited at \$1.00 per share | 593,329 shares |
| | <u>1,250,000 shares</u> |

The option was exercisable by notice in writing from Boliden Aktiebolag prior to March 31, 1970 of its intention to purchase and pay for the shares pursuant to the agreement on or before April 30, 1970. In February 1970 Boliden Aktiebolag gave notice of its intention to purchase and pay for the said shares.

4. SECURITY FOR BANK LOAN

The bank loan is secured by 465,009 shares of Dickenson Mines Limited, metal settlements outstanding, and inventories of metals, concentrates and products in process.

5. CAPITAL STOCK

During 1969, options to purchase 42,500 shares of the company's capital stock at \$3.00 per share were exercised.

6. DEPRECIATION AND AMORTIZATION

Depreciation and amortization have been recorded on the straight line method at annual rates as follows:

| | |
|--|------|
| Kam-Kotia Property | |
| Buildings, machinery and equipment | 15% |
| Shaft sinking and underground development expenditures | 33⅓% |
| Refinery | |
| Buildings, machinery and equipment | 10% |

7. INCOME TAXES

Deferred income taxes result substantially from differences between depreciation and amortization claimed for tax purposes and depreciation and amortization charged in the accounts.

8. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

Direct remuneration of the company's directors and senior officers (including the five highest paid employees as required by The Ontario Corporations Act) amounted to \$102,000 in 1969 and \$86,000 in 1968.

KAM-KOTIA MINES LIMITED

and its consolidated subsidiary companies

Operation of Refinery

Year ended December 31, 1969

(with comparative figures for 1968)

| | 1969 | 1968 |
|---|---------------------|-------------------|
| Sales of metals and products | \$13,995,000 | \$10,854,000 |
| Cost of Sales | | |
| Inventory at beginning of year | \$ 8,712,000 | 2,022,000 |
| Purchases of concentrates and metallica | 7,796,000 | 16,172,000 |
| Direct costs of processing and refining | 697,000 | 485,000 |
| | <u>17,205,000</u> | <u>18,679,000</u> |
| Less inventory at end of year | 3,900,000 | 8,712,000 |
| | <u>13,305,000</u> | <u>9,967,000</u> |
| | 690,000 | 887,000 |
| Expenses | | |
| Refinery management, office and general expenses .. | 299,000 | 166,000 |
| Head office administrative and general expenses | 40,000 | 11,000 |
| Shipping and marketing expense | 199,000 | 72,000 |
| Interest expense (after deduction of interest earned on advances to silver shippers 1969 — \$64,000; 1968 — \$63,000) | 192,000 | 157,000 |
| | <u>730,000</u> | <u>406,000</u> |
| Operating income (loss) before depreciation | (40,000) | 481,000 |
| Depreciation | 173,000 | 130,000 |
| Income (loss) for the year before income taxes | <u>\$ (213,000)</u> | <u>\$ 351,000</u> |

KAM-KOTIA MINES LIMITED

REPORT OF OPERATIONS

Timmins Area

Our report covering operations of the Timmins area mine for the year ending December 31, 1969 is submitted hereunder.

PRODUCTION AND MILLING

Milling was carried out continuously through the year at maximum capacity, except for down time required to make changes and install new processing equipment in the milling plant. Operating time was 96.15% of total hours for the year. Daily treatment rate averaged 2,241 tons per day. Mill feed was supplied mainly from underground operations with balance coming from mine ore stock-pile and 26,931 from Jameland Mines.

Major flow sheet changes were made in the mill when the No. 2 Ball Mill went into operation January 6, 1969. The flow sheet was changed from bulk float to selective flotation process. Eight new Denver 24 cells were installed as a copper rougher circuit, six new Denver 24 cells were installed in the copper concentrate cleaning circuit and remaining flotation cells were overhauled and new mechanisms installed in eighteen Denver 24 cells. An addition to the east end of the mill building was required to extend the zinc flotation circuit. Eight Denver 24 cells were added to the zinc circuit and went into operation October 16, 1969. Improvement in copper and zinc metallurgy was noteworthy during November and December. A 125

ton bulk lime silo and slurry lime system was put into operation during October.

A link belt rotary kiln type dryer was installed with capacity to treat 8 tons an hour. The necessary buildings were completed at the mine site as well as an 800 ton storage building at railroad siding in Mount Joy Township. All zinc concentrate will be dried prior to shipment early in the New Year. Electric motors totalling 1,630 additional H.P. were installed in the milling plant during the year.

A survey for tailings disposal area to the north and east of the milling plant was carried out and as a result 50,000 cubic yards of fill were placed along 4,500 feet of dam at the west and east ends of a 185 acre tailings disposal area. Mill tailings were deposited in this area during December and tailings disposal will be no problem for several years.

PRODUCTION DATA

| Copper | 1969 | 1961 to 1969 |
|--|------------|--------------|
| Dry Tons Milled | 818,171 | 4,890,598 |
| Average tons per day | 2,241 | 1,578 |
| Mill Heads % Copper | 1.205 | 1.495 |
| Copper Concentrate dry tons | 49,307.49 | 319,724.69 |
| Copper Concentrate Grade | 17.353% | 19.213% |
| Pounds Returnable Copper | 16,070,797 | 117,938,337 |
| Copper Recovery | 86.80% | 85.28% |
| Smelter Settlements outstanding at December 31, 1969 | | |
| Pounds of Copper | 4,750,714 | |
| Pounds of Zinc | 8,201,619 | |

| Zinc | 1969 | 1964 to 1969 only |
|--------------------------------|-----------|-------------------|
| Dry Tons Milled | 818,171 | 3,304,994 |
| Zinc Mill Heads % | 3.27 | 2.379 |
| Zinc Concentrate tons | 37,906.3 | 105,397.2 |
| Zinc Concentrate Grade % | 49.71 | 49.287 |
| Zinc Recovery % | 70.37 | 65.126 |
| Ounces Gold Paid for | 1,014.6 | 4,224.7 |
| Ounces Silver Paid for | 116,721.0 | 514,381.0 |

MILLING DATA

Grinding Steel Consumption

| | |
|-------------|--------------|
| Balls | 2.47 lb./ton |
| Rods | 0.90 lb./ton |
| Total | 3.37 lb./ton |

Reagent Consumption

| | |
|--------------------------|----------------|
| | Lb./ton milled |
| Lime | 4.459 |
| Zanthates | 0.294 |
| Sodium Cyanide | 0.0196 |
| Frothers | 0.2171 |
| Zinc Sulphate | 0.209 |
| Copper Sulphate | 0.804 |
| Total Cost per ton | 36.328 cents |

MINING OPERATIONS

Underground mining operations supplied 763,399 tons, 8,400 tons came from low grade stock pile and 46,372 tons from the surface mine ore stock pile.

Surface stock piles contained the following tonnages at the end of the year:—

| | | |
|-------------------------------------|-------------|-------------------------------|
| Zinc ore | 17,722 tons | 0.40% copper and 3.30% zinc |
| Low grade from pit operations | 72,908 | — 0.80% copper and 1.20% zinc |
| Crusher stock pile mine ore | 32,466 | — 1.15% copper and 3.00% zinc |
| Crusher stock pile pit ore | 24,961 | — 0.70% copper and 4.50% zinc |

UNDERGROUND PRODUCTION

Total tonnage hoisted was 807,831 tons consisting of 763,399 tons of ore and 44,432 tons of development waste.

Stopes above the 5th level provided 204,401 tons and production from below the 5th level was 558,998 tons. In 1970 sixty percent of production will come from stopes below the 5th level and the mine will be capable of supplying some 60,000 tons of ore per month.

Broken and drilled off tonnage at the end of 1969 was 317,600 tons consisting of 78,077 broken tons and 239,523 tons drilled off ready to blast.

DEVELOPMENT

Development expense continued to be heavy and total development footage was 11% less than in 1968. About 60% of development was on the levels below the 5th level and the main emphasis was on exploration drives on the 3rd, 4th, 5th, 6th, 8th, and 9th levels with the secondary emphasis of developing the remaining ore blocks for production. No new ore was found below the 5th level although several ore blocks were found in the potential areas previously indicated above the 5th level. At the end of the year the main development bases are on the 9th level to the west and on the 4th level to the west for drill bases.

Stope development of the B-1, B-4, B-5, B-9, C-11 and A-South were completed. Blast hole ore will account for 80% of production in 1970.

Total development footage, drifting and x-cutting was 10,419 feet distributed as follows:—

| | |
|----------------|-------------|
| #1 Level | 44.0 ft. |
| #2 Level | 1,101.0 ft. |
| #3 Level | 1,800.0 ft. |
| #4 Level | 1,701.0 ft. |
| #5 Level | 650.0 ft. |
| #6 Level | 717.0 ft. |
| #7 Level | 15.0 ft. |
| #8 Level | 767.0 ft. |
| #9 Level | 3,624.0 ft. |

Total raise footage was 1,915.0 feet, almost all for stope development.

MINE HOISTING AND UNDERGROUND CRUSHING

Hoisting was routine with adequate capacity. Total tons hoisted ore and waste were 852,262 or 71,020 tons per month.

All ores (i.e.) Kam-Kotia and Jameland were crushed in Kam-Kotia's underground primary crusher to minus 5". The surface ore

pass above the 2nd level was enlarged to handle the Jameland ore and has a storage capacity of 3,200 tons. Total storage in ore passes above the crusher is 5,000 tons. No holiday or overtime work was required to maintain a smooth ore flow to the milling plant.

EXPLORATION

Underground exploratory diamond drilling was carried on continuously during the year and total footage was 91,161.0 feet. Of this footage 63,411 ft. were for primary and detailed exploration and 27,750 ft. was definition type drilling to establish mining layouts for grade control. Thirteen holes totalling 7,810.0 ft. were also drilled from surface to test possible targets and this drilling was not productive.

Underground exploration was concentrated mainly on the levels below the 5th level, and west from the shaft, primarily in the block of ground to the west along the strike of the main "B" and "C" structures to the Cincinnati boundary. 15,896 ft. of drilling was done below the 9th level in this block with inconclusive results, more testing will be required.

The 904 drift was advanced 1,010.0 ft. west onto Cincinnati ground, the 906 drift was advanced 1,190.0 ft. onto Cincinnati ground and parallels the 904 drift 390.0 ft. to the north, these drifts are for drill bases. Favourable structural conditions were obtained with minor occurrences of chalcopyrite, however no new ore was found.

Exploration above the 5th level was accelerated on the 4th, 3rd, and 2nd levels. The 402 drift was advanced 1,701 ft. to the west as a drill base and two new bodies are indicated. The overall exploration programme above the 5th level has added several small lenses or extensions to known ore zones.

ORE RESERVES

Positive and Broken ore

1,200,000 tons grading 1.03% Copper and 3.0% Zinc, in the mine.

180,000 tons grading 0.87% Copper and 2.29% Zinc, in surface stockpile.

200,000 tons grading 0.4% Copper and 4.6% Zinc, in place.

Probable ore

100,000 tons grading 1.25% Copper.

Possible ore

150,000 tons grading 0.75% Copper.

CAPITAL EXPENDITURES

1. A 50' x 23' concrete block building was built to house a rotary drum type zinc concentrate dryer at west end of the mill.
2. A 24' x 24' concrete block building was added to the S-west corner of the concentrate building to store up to 300 tons of dried zinc concentrates.
3. A 74' x 43' butler building was installed on the storage pad at the Mount Joy railroad siding capable of storing up to 800 tons of dried zinc concentrates.
4. A 7' extension to the east end of the reagent shed was added along with modifications to house the additional zinc flotation cells and facilitate the relocation of zinc conditioning tank.
5. A new switch gear room was installed in the east end of the mill to house the necessary electrical gear for additional motors installed.

EQUIPMENT

The following equipment was installed in 1969 and placed in service:—

- 1 — 125 ton bulk lime Silo.
- 1 — 30 ton per hour 9" x 25' screw conveyor.
- 1 — 12,000 gal. capacity slurry lime tank complete with agitator.
- 22 — Denver #24 flotation cells.
- 20 — Denver #24 D.R. mechanisms.
- 6 — 6 x 6 SRL Pumps.
- 1 — 8 x 6 SRLC Pump.
- 1 — 3 x 3 SRLC Pump.
- 1 — 3 ton Mercury Dump truck.
- 1 — Champion 75 H.P. Diesel road grader.
- 1 — 26,000 gal. water storage tank.

The total cost of Buildings and Equipment in 1969 was \$530,400.00.

PERSONNEL RELATIONS AND LABOUR FORCE

Total force was as follows:—

| | Dec. 31, 1968 | Dec. 31, 1969 |
|-------------|------------------|------------------|
| Staff | 48 | 51 |
| Crew | 252 | 281 |
| Total | 300 | 332 |

The work force reached a peak of 332 in December of which 42 were working at Jameland Mines. The work force was relatively stable in 1969, there were three key staff members resigned from the engineering and geology departments, however, suitable replacements were on hand. A total of 27 students were employed for holiday replacements during the summer months in the mine, mill, plant surface and in the engineering and geological departments. 75% of the students were local boys.

Employee and Union relations were excellent during the year and it is expected that these conditions will continue. The total work force is expected to remain about 335 total

for Kam-Kotia and Jameland. Negotiations with the United Steel Workers of America began in November. A new two year collective agreement was signed effective January 1, 1970 to December 31, 1971.

OTHER EXPLORATION AND DEVELOPMENT

Cincinnati-Porcupine Mines Ltd.

The 904 drift was advanced 10.0 feet, and the 906 drift 375.0 feet into Cincinnati ground as drill bases. Diamond drilling from these bases was 3,958.0 feet. Nine surface holes totalled 6,090.0 feet. No ore was encountered from this work. All work was carried out under the direction of Kam-Kotia staff. Surface drilling was suspended for winter months and at year end one drill rig and one development crew were working in the 906 drift. Further exploration work will continue into 1970.

Jameland Mines Ltd.

General

All work performed was under the direction of Kam-Kotia staff. Shaft sinking was completed to a depth of 1,240.0 ft. below collar and skips and cages were installed June 3, 1969. Five stations were established with the 5th station established for future requirements. Provision was made for future shaft deepening, (i.e.) permanent sinking bulk head, station access for sinking hoist on the 4th level, etc.

Loading station, below 4th level was installed and ore and waste passes completed to 1st level.

The 1st and 2nd levels were equipped with 2 yard load haul dump units, one on each level which allows more flexibility for comparable capital cost.

Two 650 U.S. G.P.M. Mather Platte pumps were installed below the 4th level and all services completed down the shaft.

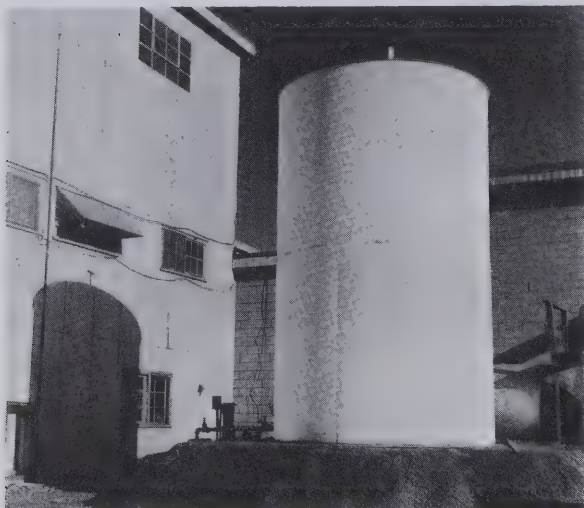
An escape and ventilation raise was collared through 46.0 ft. of overburden and raise broken into it. A 30,000 C.F.M. fan and a direct fired propane heater with capacity of 2,800,000 B.T.U. per hour were installed in November for mine air heating.

Mine Development

Total development footage was 7,877.0 feet of drifts and x-cuts distributed as follows:

| | |
|----------------------------|-------------|
| #1 Level | 2,719.0 ft. |
| #2 Level | 3,035.0 ft. |
| #3 Level | 1,119.0 ft. |
| #4 Level | 1,004.0 ft. |
| Total raise footage was | 3,136.0 ft. |

All work was performed by contractors' forces prior to October 20, 1969 when contract was terminated. All work since October 20, 1969 has been done by Kam-Kotia's work force.



Bulk Reagent Storage, Kam-Kotia Mines Limited

Production

The mine was readied for production and production milling at Kam-Kotia's mill commenced November 1, 1969.

26,931 tons grading 1.381% copper and 0.25% zinc were broken and milled. This ore was broken in the development of the A-1, A-2, A-3, and A-5 blocks which were being prepared for blast hole stoping methods. Most of the broken ore came from the fringes of the blocks that were being prepared for production.

Exploration

No surface drilling was done. A total of 2,767.0 feet of underground drilling, mainly definition type drilling for stope layout and grade control, was performed. Early results indicate previous ore reserve to be conservative.

ACKNOWLEDGEMENT

We record our appreciation and thanks to the staff and crew who are responsible for the progress and achievements that have been made in 1969.

The guidance and support of the President and other Directors which has always been available is also gratefully acknowledged.

Respectfully submitted,

G. W. WALKEY,
Vice-President and General Manager.

H. V. MAXWELL,
Mine Manager.

KAM-KOTIA MINES LIMITED

COBALT REFINERY DIVISION

Herewith my report on operations of the Cobalt Refinery Division for the year ending December 31, 1969.

Contrary to expectations, a loss of \$213,000. after depreciation of \$173,000. was reflected in the Financial Statements.

The main factors contributing to this loss were:

- (a) the silver price varied from \$2.10 Canadian at year opening to a low of \$1.66 in late June and back to close to \$2.00 Canadian by year end.
- (b) The new 8-ton fire-refining furnace was installed and put on line at the end of May. It did not perform up to expectations, with the result that production of fine silver did not increase to 3 to 3½ million ounces per month as predicted. The problem has been, and is, that a refractory lining capable of withstanding the rugged service for a reasonable period has not been found to date. Production did reach 2.8 million ounces in August but has not been maintained. It is expected this problem will be solved. Result was, high unit costs for fine silver production.

- (c) The year-end owned silver inventory reflects only that silver which can realistically and readily be recoverable. There is no doubt additional silver in plant but it is not considered to have value until recovery can be proven.

No operations were carried out in the cobalt-nickel department during 1969, and all speiss production from smelter was shipped to Belgium. Agreement to continue these shipments for 1970, at improved terms, has been agreed on. Some work was carried out revamping this section to ready it for possible re-opening at a future date.

No arsenic was refined although 340,000 pounds was collected from roasters and packed in a saleable condition. Additional supplies were imported to meet our regular customer needs.

The refining of gold-silver precipitates continued during 1969. Progress was made towards getting our own gold circuit on line.

Capital Expenditures included:

- (a) Fabrication and installation of the 8-ton silver refining converter plus associated gas burners, flues, heat exchangers, dust collector fans, etc.

(b) Five (5) new Alcan pre-fab houses were erected last fall at the Townsite.

Silver Receipts:

The majority (¾) of silver received during 1969 was silver owned by others sent here for upgrading at a charge. This has and will reduce financing charges. \$200,000. interest had to be absorbed in the first six (6) months of 1969, financing the large purchases made in 1968. On the other hand, if these large purchases had not been made, adequate feeds would not now be available. Monthly Bank Interest Charges are now negligible. There was at year end still some 2 million ounces of owned silver in inventory due to the delay in attaining expected production rates.

The electrolytic silver circuit was operated on a limited basis only as it results in added costs for non gold bearing materials.

| PRODUCTION DATA | 1969 | 1968 |
|--|-------------------|-------------------|
| Tons of mine or similar concentrates treated.. | 1,583 | 2,154 |
| Smelter Ran — Days | 324 | 332 |
| Roaster Ran — Days | 162 | 234 |
| Silver Refinery Ran — Days | 364 | 363 |
| Electrolytic Silver Refinery Ran — Days | 143 | 232 |
| Speiss Production — Tons | 290 | 551 |
| Arsenic Refinery Ran — Days | Nil | 49 |
| Silver Production Ounces: | | |
| — Owned | 6,194,294 | 5,362,473 |
| — Custom Toll | 13,776,582 | 7,423,048 |
| Total | <u>19,970,876</u> | <u>12,785,521</u> |

Arsenic Trioxide:
— Lbs. 339,875 673,839

Arsenic Purchased for Resale:
— Lbs. 735,732 Nil
— Net gain on production costs from Arsenic \$ 26,000 \$ 11,726

Doré Bullion —
— Ounces Gold 21,597 8,206
— Ounces Silver 56,975 16,415

Cobalt Refinery fine silver "CRK" brand has continued to gain acceptance in the industry for its high quality and for the service that goes with it.

Employment started and ended the year around 82 employees, but rose to a peak of 95 in August. A new two (2) year labor contract was negotiated effective May 1st, 1969. Good labour relations continue. It is difficult to locate personnel at any level with applicable experience and employees have to gain the necessary experience on the job.

Shipments from the local area mines decreased during 1969, although as of the end of the year all producing mines of the area were shipping to us.

Further improvements in dust collection and waste water disposal, aimed at lowering pollution and silver losses, were effected during the year.

The aim for 1970 will, as agreed, be to liquidate, at an early date, an appreciable amount of the owned silver inventory and to get production up to expected levels. The situation on this problem is encouraging at the moment.

Respectfully submitted,

JOHN N. CRAM, P.Eng.,
General Manager.

KAM-KOTIA MINES LIMITED

WESTERN DIVISION

The activities of the Division were concentrated on the Exploration and Development program on Silmonac Mines' property in the Slocan District of British Columbia. This program was developed and initiated in October, 1968, and is being financed equally by Kam-Kotia Mines and Burden Investors Services Inc.

The Silmonac mine property covers a major portion of the Main Slocan lode in the centre section, both ends of which were quite productive. On Silmonac, only a small portion of the lode has been explored in the past, and surface and Underground diamond drilling of a portion of the lode showed economic concentrations of silver, lead and zinc. The present program was developed to explore the lode in the vicinity of the drill intersections by means of x-cutting, drifting, raising and diamond drilling with the objective of mining if economic ore bodies were developed. A new adit and level was established at elevation 4,625 and a x-cut was driven to and through the main lode.

Total development work done in 1969 is summarized below:

| | |
|---------------------------------------|--------------|
| Drifting and x-cutting | 3,998.5 feet |
| Raising and boxholing | 931.0 feet |
| Underground diamond drilling | 2,837 feet |

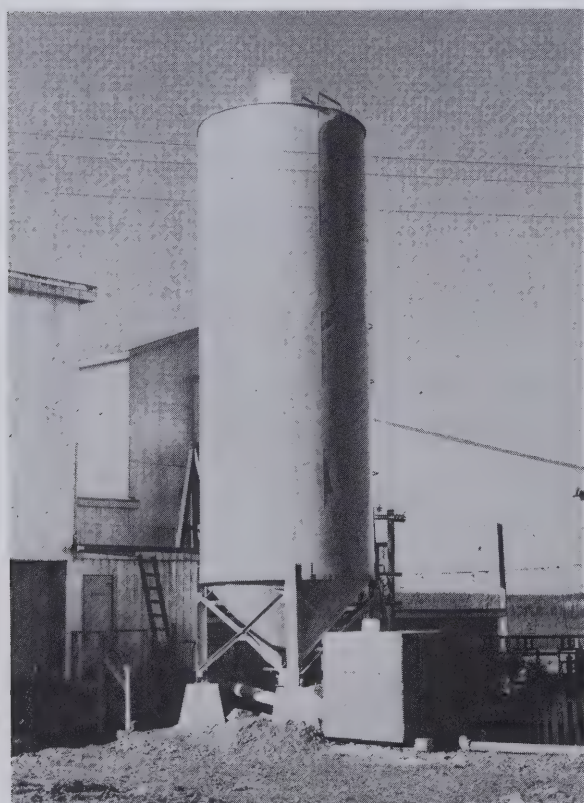
From the main 4,625 level, drifts were extended in the footwall of the lode 315 feet to the east and 60 feet to the west. Two sub levels were also established at 4,690 and 4,720 elevations and a raise was driven on the lode and up dip for a distance of 226.0 feet. The balance of raising was boxholing on the lode from the 4,690 sub level to sample the lode.

A surface plant was established at the adit portal and this includes snow shed, ore bin, shops, powerhouse, change house and ore and waste dumps. Additional compressed air capacity would be required to support production.

By the end of the year, the lode had been explored at least partially along a strike length of 400 feet and a dip length in excess of 200 feet, and, while pay thickness and metal distribution was erratic, most of the lode explored contained economic ore.

Ore deposits in the main Slocan lodes are known to be erratic both as to grade and extent, and it is not possible to project ore zones beyond intersections with any certainty and to locate ore zones in the lode requires detailed exploration. At the end of the year, it was decided to concentrate exploration of the lode along strike, both East and West and up dip, by means of strike drifts

in the Footwall and close to the lode, to provide bases for maximum cross sectional drilling of the lode along the dip. By the end of February, 1970, lode exploration amounted to about 900 feet along strike and a maximum dip of about 450 feet. In this block, the lode has a maximum potential of about 170,000 tons of economic ore with a probable tonnage of about 85,000 tons. Probable grade is difficult to assess due to the variation in grades in individual drill cores and wall samples.



Bulk Lime Storage, Kam-Kotia Mines Limited

This program is continuing and it is expected that by the end of April, a decision on placing the property into production will be possible. Current planning is to mill the ore in Carnegie Mines' mill at Sandon, and this mill can be reactivated at a minor cost and in a reasonably short time.

To the end of 1969, about \$387,000 had been spent on the project. Currently, the indications are that this project will return the investment with a profit.

Mr. John Black, who has managed the Western Division for many years, retired at the end of the year. However, Mr. Black's knowledge of the area and his considerable abilities will be available to the company in the future as a consultant. Mr. William Hogg, who was Chief Engineer and Geologist at Kam-Kotia's Timmins Mine from 1961 to 1965, was hired to manage the Silmonac project.

Respectfully submitted,

G. W. WALKEY,
Vice-President and General Manager.



Jameland Mines Limited

Jameland Mines Limited

DIRECTORS

| | | | | | | | | | | |
|--------------|---|---|---|---|---|---|---|---|---|-------------------|
| A. W. WHITE | - | - | - | - | - | - | - | - | - | Toronto, Ontario |
| H. R. HEARD | - | - | - | - | - | - | - | - | - | Toronto, Ontario |
| D. F. BURT | - | - | - | - | - | - | - | - | - | Toronto, Ontario |
| G. W. WALKEY | - | - | - | - | - | - | - | - | - | Toronto, Ontario |
| JAMES GEDDES | - | - | - | - | - | - | - | - | - | Clarkson, Ontario |

OFFICERS

| | | | | | | | | | | | |
|--------------|---|---|---|---|---|---|---|---|---|---|------------------------------------|
| A. W. WHITE | - | - | - | - | - | - | - | - | - | - | President |
| G. W. WALKEY | - | - | - | - | - | - | - | - | - | - | Vice-President and General Manager |
| H. R. HEARD | - | - | - | - | - | - | - | - | - | - | Secretary-Treasurer |
| JAMES GEDDES | - | - | - | - | - | - | - | - | - | - | Assistant Secretary |

| | | | | | | | | | | | |
|---------------|---|---|---|---|---|---|---|---|---|---|--------------|
| H. V. MAXWELL | - | - | - | - | - | - | - | - | - | - | Mine Manager |
|---------------|---|---|---|---|---|---|---|---|---|---|--------------|

MINE OFFICE ADDRESS

Box 290, Timmins, Ontario

TRANSFER AGENTS AND REGISTRAR

THE STERLING TRUSTS CORPORATION, Toronto, Ontario

SOLICITORS

BURT, BURT, WOLFE & BOWMAN, Toronto, Ontario

AUDITORS

GARDNER, McDONALD & CO., Toronto, Ontario

BANKERS

CANADIAN IMPERIAL BANK OF COMMERCE, Toronto, Ontario

HEAD OFFICE

25 Adelaide St. West, Suite 416, Toronto, Ontario

ANNUAL MEETING

Friday, May 1, 1970, at 10:30 a.m. (Toronto Time), in Suite 416,
25 Adelaide Street West, Toronto, Ontario

Jameland Mines Limited

PRESIDENT'S REPORT TO SHAREHOLDERS

As a shareholder of Jameland Mines Limited, you are associated with Dickenson Mines and Kam-Kotia Mines whose reports are included in this booklet of 1969 Shareholders Annual Reports.

A summary of the Jameland mine operations is reported jointly by Mr. G. W. Walkey and Mr. H. Maxwell.

Financial statements as at December 31, 1969, as reported on by Shareholders' Auditors appear hereafter.

Milling of Jameland ore commenced at the Kam-Kotia concentrator in November, 1969, four months ahead of schedule. The first two months of production earned a cash profit before write-offs.

Your company has now applied for Exemption of Federal Income Tax under the Income Tax Act of Canada.

Jameland has agreed to sell to Boliden Aktiebolag, Sweden, 593,329 unissued treasury shares at \$1.00 per share which will enable your company to repay its indebtedness at an earlier date and thus allow Jameland shareholders a return on their investment sooner than originally planned.

An increase in the Board of Directors from five to seven was authorized and confirmation will be requested at the Annual Meeting. Your Directors have agreed that two repre-

sentatives of the Boliden people are to be elected to the Board.

The bringing into production of Jameland Mines has been at a fortuitous time. Copper and Zinc concentrates continue to be in strong demand.

The mine is in the very early stages of development with many interesting ore zones to be explored. Profitable production can be anticipated for some time.

APPRECIATION AND MANAGEMENT

We are looking forward to our new association with the Boliden people which we know will be mutually beneficial. We welcome them to the Canadian mining industry.

Work will continue under the Kam-Kotia mine staff who have developed this mine from a raw prospect to a producing mine.

Respectfully submitted,

ARTHUR W. WHITE
President

Toronto, Ontario,
March 30, 1970.

Jameland Mines Limited

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET — DECEMBER 31

ASSETS

| Current Assets | 1969 | 1968 |
|---|--------------------|--------------------|
| Cash in banks | \$ 1,897 | \$ 9,489 |
| Metal settlements outstanding and concentrates on hand at net realizable value (Note 5) | | |
| Copper | 400,770 | — |
| Silver and gold | 6,647 | — |
| Accounts and interest receivable | 201 | 70,657 |
| Prepaid insurance | 3,480 | 1,738 |
| | <u>412,995</u> | <u>81,884</u> |
| Fixed Assets, at cost | | |
| Buildings, machinery and equipment | 1,143,442 | 826,557 |
| Less: Accumulated depreciation | 47,643 | — |
| | <u>1,095,799</u> | <u>826,557</u> |
| Mining claims (Note 1) | 79,000 | 79,000 |
| | <u>1,174,799</u> | <u>905,557</u> |
| Other Assets and Deferred Charges | | |
| Supplies, at average cost | 1,176 | 3,801 |
| Service deposits | 23,568 | 32,613 |
| Shaft sinking and development expenditures, less amortization thereon (Note 7) | 1,802,731 | 888,880 |
| | <u>1,827,475</u> | <u>925,294</u> |
| | <u>\$3,415,269</u> | <u>\$1,912,735</u> |

The accompanying notes form

LIABILITIES

Current Liabilities

| | 1969 | 1968 |
|--|------------------|----------------|
| Bank loan-secured (Note 2) | \$1,000,000 | \$ 788,000 |
| Accounts payable and accrued liabilities | 639,754 | 51,154 |
| | <u>1,639,754</u> | <u>839,154</u> |

Shareholders' Equity

Capital stock (Notes 2, 3 and 4)

Authorized 5,000,000 shares of \$1.00 par value each \$5,000,000

Issued and fully paid

4,406,671 shares (2,790,848 in 1968) 4,406,671 2,790,848

To be issued: 261,203 shares (1968 only) — 261,203

4,406,671 3,052,051

Less: Discount on shares 2,475,666 1,933,818

1,931,005 1,118,233

Deficit, per statement herewith 155,490 44,652

1,775,515 1,073,581

Approved on behalf of the Board:

A. W. WHITE, Director.

G. W. WALKEY, Director.

\$3,415,269 \$1,912,735

integral part of this statement.

Jameland Mines Limited

STATEMENT OF DEFICIT

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| Administrative Expense | 1969 | 1968 |
|--|------------|-----------|
| Administrative services | \$ 5,000 | \$ 6,000 |
| Directors' fees | 500 | 1,000 |
| Financing expenses | — | 2,665 |
| Interest and bank charges | 71,757 | 16,800 |
| Legal and audit | 593 | 2,158 |
| Office and general | 159 | 168 |
| Publicity | 564 | 595 |
| Salaries — officers | — | 50 |
| Shareholders' reports and meetings | 1,419 | 1,304 |
| Taxes — other than income | 42 | 20 |
| Transfer agent's fees and expenses | 798 | 826 |
| Travel | 309 | — |
| | 81,141 | 31,586 |
| Deduct: Interest income | 438 | 3,054 |
| | 80,703 | 28,532 |
| Organization expense written-off | — | 1,935 |
| | 80,703 | 30,467 |
| Net Loss for the year | 30,135 | — |
| | 110,838 | 30,467 |
| Balance, January 1 | 44,652 | 14,185 |
| Balance, December 31, transferred to balance sheet | \$ 155,490 | \$ 44,652 |

Administrative expenses for the 1969 year include only those expenditures prior to commencement of production. Thereafter such expenses have been charged to operations.

The accompanying notes form an integral part of this statement.

AUDITORS' REPORT

To the Shareholders,
Jameland Mines Limited,
TORONTO, Ontario.

We have examined the balance sheet of Jameland Mines Limited as at December 31, 1969, together with the statements of deficit, shaft sinking and development expenditures, operations and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company as at December 31, 1969, and the results of its operations and the source and application of its funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

TORONTO, March 20, 1970.

GARDNER, McDONALD & CO.,
Chartered Accountants.

Jameland Mines Limited

STATEMENT OF OPERATIONS

For the year ended December 31, 1969

| | |
|---|-------------------------|
| Revenue | |
| Metal recovery, gross value | \$ 464,766 |
| Deduct: Transportation and treatment costs | 67,201 |
| | <u>\$ 397,565</u> |
| Expense | |
| Exploration and development | 54,511 |
| Mining | 99,411 |
| Milling | 66,526 |
| Mine management, office and general | 22,961 |
| Head office administration and general | 10,940 |
| Interest | 19,665 |
| | <u>274,014</u> |
| Operating Profit , before deducting the undernoted items | <u>123,551</u> |
| Amortization of shaft sinking and development expenditures | 106,043 |
| Provision for depreciation of buildings, machinery and equipment (Note 6) | 47,643 |
| | <u>153,686</u> |
| Net Loss for the year | <u><u>\$ 30,135</u></u> |

STATEMENT OF SHAFT SINKING AND DEVELOPMENT EXPENDITURES

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| Exploration and Development | 1969 | 1968 |
|--|---------------------------|--------------------------|
| Acreage taxes | \$ 477 | \$ 77 |
| Diamond drilling | 16,117 | 115,918 |
| Engineering and geology | 508 | 35,933 |
| Geophysical surveys | 531 | 1,500 |
| Insurance | — | 825 |
| Miscellaneous | 5,034 | 817 |
| Pre-production development | 619,679 | — |
| Road building | 51 | 7,479 |
| Site clearing and preparation | 2,003 | 35,387 |
| Shaft sinking | 372,650 | 240,216 |
| Technical services and supervision | 2,844 | 7,754 |
| | <u>1,019,894</u> | <u>445,906</u> |
| Balance, January 1 | 888,880 | 442,974 |
| | <u>1,908,774</u> | <u>888,880</u> |
| Deduct: Shaft sinking and development expenditures written-off ... | 106,043 | — |
| Balance , December 31, transferred to balance sheet | <u><u>\$1,802,731</u></u> | <u><u>\$ 888,880</u></u> |

The accompanying notes form an integral part of this statement.

Jameland Mines Limited

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1969

(With comparative figures for the year ended December 31, 1968)

| Source of Funds | 1969 | 1968 |
|---|-------------|------------|
| Operations | | |
| Charges to operations which in themselves did not require an outlay of funds during the year: | | |
| Amortization of shaft sinking and development expenditures | \$ 106,043 | \$ — |
| Provision for depreciation | 47,643 | — |
| | 153,686 | — |
| Deduct: Net loss for the year | 30,135 | — |
| | 123,551 | — |
| Capital stock issued for exploration and development | 812,772 | 187,228 |
| Interest received | 438 | 3,054 |
| Decrease in supplies | 2,625 | — |
| Decrease in service deposits | 9,045 | — |
| | 948,431 | 190,282 |
| Application of Funds | | |
| Buildings, machinery and equipment | 316,885 | 616,408 |
| Shaft sinking and development expenditures | 1,019,894 | 445,906 |
| Administrative expenses | 81,141 | 31,586 |
| Stores and supplies | — | 3,801 |
| Service deposits | — | 32,613 |
| | 1,417,920 | 1,130,314 |
| Decrease in Working Capital | 469,489 | 940,032 |
| Working capital deficiency, January 1 | 757,270 | (182,762) |
| Working Capital Deficiency, December 31 | \$1,226,759 | \$ 757,270 |
| Current assets | \$ 412,995 | \$ 81,884 |
| Current liabilities | 1,639,754 | 839,154 |
| Working Capital Deficiency | \$1,226,759 | \$ 757,270 |

The accompanying notes form an integral part of this statement.

Jameland Mines Limited

NOTES TO FINANCIAL STATEMENTS

December 31, 1969

1. MINING CLAIMS

The twenty-two mining claims situated in Robb and Jamieson Townships, Ontario were acquired by the issuance of 750,000 shares of capital stock at 10¢ per share and the payment in cash of \$4,000.

2. BANK LOAN

The loan is secured under Section 88 of the Bank Act. Additionally, Dickenson Mines Limited and Kam-Kotia Mines Limited have guaranteed repayment. In consideration therefor the company granted to Dickenson and Kam-Kotia an option to purchase a total of 400,000 shares of its capital stock at 60¢ per share on or before October 15, 1971. Dickenson and Kam-Kotia have agreed to terminate this option upon consummation of the transactions contemplated in the undernoted agreement between Jameland, Kam-Kotia, Dickenson and Boliden Aktiebolag of Sweden.

3. OPTION AGREEMENT

By agreement dated December 10, 1969, the company, Kam-Kotia and Dickenson extended to Boliden Aktiebolag of Sweden an option, exercisable on or before March 31, 1970, to purchase a total of 1,250,000 shares of Jameland as follows:

| | |
|--|----------------|
| from Dickenson at 80 cents per share | 100,000 shares |
| from Kam-Kotia at 80 cents per share | 556,671 shares |
| from Jameland at \$1.00 per share | 593,329 shares |

The option was exercisable by notice in writing from Boliden prior to March 31, 1970 of its intention to purchase and pay for the shares pursuant to the agreement on or before April 30, 1970. On February 27, 1970, Boliden gave notice of its intention to purchase and pay for the said shares.

4. CAPITAL STOCK

By agreement dated October 15, 1968, Kam-Kotia Mines Limited agreed to spend up to \$1,000,000 in sinking a shaft to approximately 1,300 feet and all cross-cutting, drifting and other underground development necessary to bring the company's property into production. Jameland was to issue one share of its capital stock for every 60¢ expended by Kam-Kotia. Expenditures incurred hereunder are to be deducted by Kam-Kotia in determining its income subject to tax pursuant to the Income Tax Act, Canada. As at December 31, 1969, \$1,000,000 had been expended under this agreement and 1,666,666 shares issued therefor.

5. METAL PRICES

In computing the net realizable value of metal settlements outstanding and concentrates on hand at December 31, 1969

- (a) copper has been valued at 75¢ per pound less treatment charges of 11¢ per pound and
- (b) silver and gold have been valued at net selling prices.

6. DEPRECIATION

Depreciation has been recorded in the company's accounts using the straight line method at the rate of 25% per annum from commencement of production, November 1, 1969.

7. AMORTIZATION OF SHAFT SINKING AND DEVELOPMENT EXPENDITURES

Amortization has been recorded in the company's accounts using the straight line method at the rate of 33⅓% per annum from commencement of production, November 1, 1969.

Jameland Mines Limited

REPORT OF OPERATIONS

Our report covering the Timmin's area mine for the year ending December 31, 1969 is submitted hereunder.

PRODUCTION AND MILLING

26,931 tons of ore were milled at Kam-Kotia's Plant from November 1, 1969 to December 31, 1969. Daily tonnage milled was 441 tons. Mill feed was supplied from underground operations and came from the A1, 2 and 5 stope development and fringes.

Average grade was 1.38% copper and 0.25% zinc.

PRODUCTION DATA

| Copper | 1969 |
|------------------------------------|-----------|
| Dry tons milled | 26,931 |
| Average tons per day | 441 |
| Mill Heads copper | 1.381% |
| Copper concentrate, dry tons | 1,858.44 |
| Copper concentrate grade | 17.44% |
| Pounds returnable copper | 610,825.0 |
| Copper recovery | 86.9% |
| Zinc — Nil | |
| Ounces gold paid for | 23.454 |
| Ounces silver paid for | 3,004.25 |

MINING OPERATIONS

Underground operations supplied all the mill feed from stope development on the 1st and 2nd levels. 32,846 tons of ore were broken. 17,000 tons were drilled ready for

blasting in the A-2 and A-1 blocks December 31st.

UNDERGROUND PRODUCTION

Total tonnage hoisted was 78,472 tons comprised of 27,531 tons of ore and 50,941 tons of development waste from shaft sinking, station cutting and mine development.

DEVELOPMENT

The four compartment shaft was completed to final depth of 1,240.0 feet below the collar. Shaft sinking was 726.0 feet and station advance and excavations amounted to 448.0 equivalent feet as follows:—

| | |
|------------------------|--|
| 1st Level (1968) | 9600 Elevation or 350.0' below collar |
| 2nd Level | 9450 Elevation |
| 3rd Level | 9250 Elevation |
| 4th Level | 9050 Elevation |
| Loading Station | 8900 Elevation |
| 5th Level | 8800 Elevation |

The 5th Level station was established for future shaft deepening and is not an operating level at the present time. The 4th level station was excavated 50.0 feet south of the shaft to allow access for future excavation for sinking hoist etc. A permanent shaft sinking bulkhead was installed in shaft bottom and the shaft left in shape for future deepening. All services were installed in shaft.

Development expense was heavy as the maximum rate of advance was scheduled with emphasis on the 1st and 2nd levels to develop the ore blocks closest to the shaft. The A-1 and A-2 blocks were developed, the

A-5 and A-3 blocks were being prepared for production at the end of the year.

Total drifting and x-cutting was 7,877.0 feet distributed as follows:—

| | |
|-----------------|--------------|
| 1st Level | 2,719.0 feet |
| 2nd Level | 3,035.0 feet |
| 3rd Level | 1,119.0 feet |
| 4th Level | 1,004.0 feet |

Total raise footage was 3,136.0 feet distributed as follows:—

| | |
|--------------------|------------|
| 1st Level | 655.0 feet |
| 2nd Level | 943.0 feet |
| 3rd Level | 584.0 feet |
| 4th Level | 485.0 feet |
| Access Level | 469.0 feet |

360 feet of 6' x 8' raise was driven from the 1st Level to surface. This raise will serve as an emergency escape way as well as the main fresh air downcast ventilation shaft.

MINE HOISTING

Permanent skips and cage were installed in June. Hoisting was satisfactory and the hoisting capacity can handle 60,000 tons per month. Total tons hoisted ore and waste were 78,472 tons. All ore was trucked to Kam-Kotia's milling plant for treatment.

EXPLORATION

There was no surface exploration work performed during 1969. Underground diamond drilling commenced in September and followed closely behind the development openings.

Total drill footage was 14,277.0 feet and was concentrated on the first and second levels. About 20% of the footage was of an exploratory nature and two new ore lenses were indicated some 100 feet north of the previous ore structure. Further drilling will be done to outline these zones as openings are available for drill bases in the coming year.

The remaining 80% of drill footage was definition type drilling to establish mining layouts and grade control.

A detailed exploration programme will be implemented on 3rd and 4th levels when the 301 and 401 drifts have advanced to the favourable areas. At the end of the year the 401 drift encountered a tail of massive sulphides 600 ft. east of the shaft which will require detail follow-up drilling.

ORE RESERVES

Indicated ore reserves based on surface and underground delineation drilling are 630,023 tons grading 1.51% copper and 2.37% zinc. The ore blocks developed for mining to date have indicated additional tonnages of lower grade material. The A-5 and 6 lenses are open to the east and their full extent will be known when drill bases are established. Probable ore based on drilling and underground structural interpretation 100,000 tons grading 1.50% copper.

CAPITAL EXPENDITURE

The surface plant, shaft house and service buildings were completed, lighting, heating, ventilation, etc.

The ore bin transfer chutes were installed when sinking was finished and necessary work at skip dumps completed.

#2 and #3 compressor installations were completed.

A steel building 8' x 14' was installed above the surface escape and ventilation raise to house the mine air ventilation and heating plant. 46' of 8' x 14' reinforced cement collar was installed on surface, for the main secondary escape and ventilation opening. 2,000 yards of suitable top surface were placed along the 6,200 feet of road from Jameland to Kam-Kotia's milling plant.



Loading Pocket, Jameland Mines Limited

EQUIPMENT

The following equipment was installed in 1969 and placed in service:—

- 1 — dual shaft loading station — 80 cubic ft. capacity
- 1 — 4½ ton Clayton Battery Locomotive
- 2 — 1½ ton Atlas Battery Locomotives
- 10 — 60 cubic foot mine cars
- 2 — 30 H.P. Electric Slusher Hoists
- 30 — Rock Drills
- 3 — Eimco #21 Loaders
- 6 — Car Dumps
- 1 — 30,000 CFM Ventilation Fan
- 1 — 10,000 CFM Ventilation Fan
- 4 — 6,000 CFM Ventilation Fans
- 3 — 4,500 CFM Ventilation Fans
- 1 — 2,800,000 B.T.U. per hour propane direct fired mine air heater
- 2 — 2 yd. model ST 2 B Wagner Scoop trams
- 5 — Tugger hoists
- 2 — 650 G.P.M. Mather Platte Mine De-watering pumps plus switch gear.

The total cost of Buildings and Equipment in 1969 was \$316,885.00.

PERSONNEL RELATIONS AND LABOUR FORCE

The contractor's force was replaced with Company personnel October 20, 1969. The mine is staffed with 3 full-time supervisors and 39 crew. Operations are on a 40 hour work week, 2 shift per day basis. Turnover was 23% of total as mine force was comprised of crews who worked for contractors in the Sudbury area, suitable replacements were available.

Labour relations were excellent during the year and all employees are covered under Kam-Kotia's new Agreement with the United Steel Workers of America, effective January 1, 1970 to December 31, 1971. The work force will average about 45 men during the coming year.

ACKNOWLEDGEMENT

We record our appreciation and thanks to the staff and crew who are responsible for the progress and achievements that have been made in 1969. We would also like to pay tribute to the "Contractor" for the efficient and workmanlike manner in which his work was conducted and the cooperation at all times was greatly appreciated.

The guidance and support of the President and other Directors which has always been available is also gratefully acknowledged.

Respectfully submitted,

H. V. MAXWELL,
Mine Manager.

G. W. WALKEY,
Vice-President and General Manager.

INVESTMENT SCHEDULE

| THESE COMPANIES held shares in THESE COMPANIES ↓ at December 31, 1969 | KAM-KOTIA (including Deebank) | DICKENSON | Percentage of Outstanding shares Controlled |
|---|-------------------------------------|-----------|---|
| Abino Gold Mines | 586,250 | 1,329,700 | 57.8 |
| **Alaska Mines and Minerals | | 219,000 | 15.7 |
| Amalgamated Rare Earth | 488,667 | | 11.5 |
| *Camarillo Oils | 1,040,000 | | 61.1 |
| Candore Explorations | | 36,666 | .7 |
| *Carnegie Mining | 1,614,968 | | 68.1 |
| Cincinnati-Porcupine | 1,233,035 | | 21.0 |
| Consolidated Brewis | | 454,882 | 26.4 |
| Cons. Golden Arrow | 704,417 | | 19.8 |
| Craibbe-Fletcher | | 983,300 | 27.3 |
| *Deebank Limited | 10,003 | | 100.0 |
| Dickenson Mines | 509,209 | | 14.3 |
| *Duchesne Red Lake | | 875,500 | 64.9 |
| Gateway Uranium | 330,000 | | 22.4 |
| *Glencair Mining | 1,141,322 | | 57.1 |
| Inore Gold Mines | 604,000 | | 34.5 |
| Jameland Mines | 2,105,166 | 900,000 | 68.2 |
| *Kamifair Mines | 640,000 | | 85.3 |
| Kam-Kotia Mines | | 2,030,508 | 47.3 |
| *Kenwest Mines | | 1,800,008 | 60.0 |
| Laddie Gold Mines | 75,000 | 475,000 | 31.0 |
| Langis Silver & Cobalt | 63,500 | 369,450 | 11.4 |
| *Lithia Mines & Chemicals | 680,710 | | 64.5 |
| *Lone Bachelor | 1,180,000 | | 89.8 |
| Mareast Explorations | 444,000 | | 23.8 |
| New Cinch Uranium | 35,000 | 425,000 | 21.9 |
| Nickel Rim Mines | 174,000 | 274,000 | 7.5 |
| Parvus Mines | | 773,000 | 48.3 |
| Penobscot Mining | | 957,318 | 48.7 |
| Pidgeon Molybdenum | | 391,000 | 23.5 |
| Pleno Mines | 943,049 | | 39.0 |
| Robin Red Lake | | 648,164 | 24.3 |
| Rowan Consolidated | | 136,300 | 3.0 |
| Silmonac Mines | 657,031 | | 22.2 |
| Tundra Gold | | 1,188,588 | 25.8 |
| United Macfie | 1,086,460 | | 39.9 |

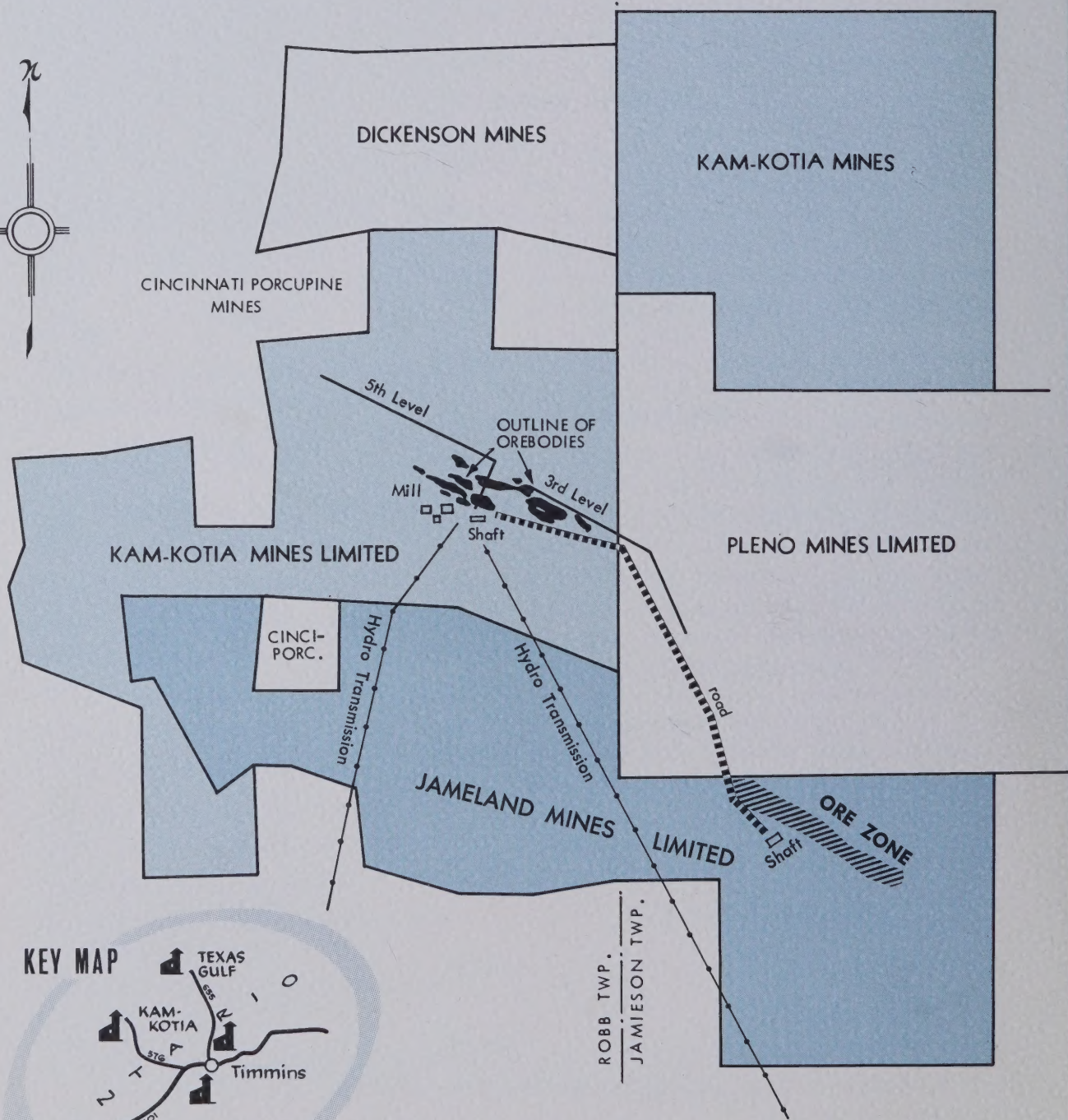
**577,322 shares or 41.5% are held also by Cons. Brewis Minerals Limited.

*Subsidiary companies.

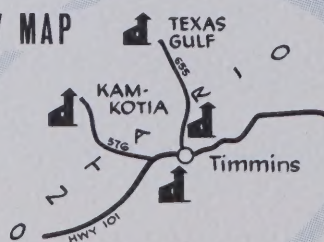
Location Map

KAM-KOTIA MINES LIMITED & JAMELAND MINES LIMITED

KAMISKOTIA-TIMMINS MINING AREA, ONTARIO



KEY MAP



0 1000 2000 3000 4000 5000 FEET